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Fundraising for the Arts: Cures for the Cost Disease

By

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ABOUT THE AUTHOR

Music and the arts have always been a significant part of my life. Over the last twenty-one years, I have learned the art of music in many different forms; beginning with simply singing in a choir to currently marching in the Ohio State University Marching Band. I am an accomplished trombonist, baritonist, percussionist, pianist, and guitarist. I also regularly attend theatrical performances including symphonic performances, musicals, ballet, opera and other music and theater types. I enjoy the arts immensely and offer this small contribution in the hope that the performing arts community may benefit in some way from the information presented herein.

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TABLE OF CONTENTS

About the Author	ii
Acknowledgements	iii
Table of Contents	iv
Abstract	v
 Chapter 1 Introduction	 1
Chapter 2 Literature Review, Economic Analysis, And Theoretical Discussion	3
 Chapter 3 Methodology	 14
Chapter 4 Case Study One: The Ballet Metropolitan, Columbus	16
Chapter 5 Case Study Two: The Columbus Symphony Orchestra	29
Chapter 6 Case Study Three: The Ohio State University Marching Band	35
Chapter 7 Analysis and Conclusions	45
References	60
Appendices	63
Appendix A: Baumol's Audience Data	64
Appendix B: Ballet Met Financial Statements	66
Appendix C: Ballet Met, Sample Budget Analysis	78
Appendix D: Pictures of Stadium Renovation Project	84
Appendix E: Stadium Bandroom Blueprints	87
Appendix F: Campaign Brochure	89
Appendix G: Campaign Letter to OSUMB Alumni	91
Appendix H: Campaign for the Stadium Bandroom Website	95
Appendix I: Campaign Newspaper Articles	102
Appendix J: Campaign Skull Session Program Insert	105

ABSTRACT

As a musician and a student of the arts, I have become increasingly aware of the valuable products and services that arts organizations provide to society. It is, therefore, unfortunate that these organizations often struggle to secure adequate financial resources for their activities. This project examines key issues in the financial management of arts organizations. These issues are evaluated from both theoretical and practical standpoints using principles of accounting, economics, and marketing. Following a review of related literature, three case studies are presented that describe the fundraising techniques and financial management strategies of each organization. One of these organizations is a metropolitan ballet company that has a track record of successful financial management. Another is a well-established symphony orchestra with large resource needs. And the third is a university marching band that initiated a new fundraising effort. The relative success or failure of each organization is evaluated in an attempt to provide useful general guidelines for economic well-being to non-profit organizations.

The purpose of this project is to provide insight into the financial issues and obstacles facing the performing arts and other not-for-profit organizations in society today. By examining the fundraising and operating techniques of various arts organizations and their relative success or failure, I hope to provide advice that these organizations can use to improve their financial position. Another purpose of this project is to provide examples of fundraising and operating techniques that have already been used, either successfully or unsuccessfully, with the expectation that other arts organizations may be able to benefit from this information.

Chapter One

Introduction

Economists have provided theoretical work that helps us understand the economic issues facing performing arts organizations. Their work affords us a basis for building accounting and business management knowledge of the problems facing these organizations, and also allows us to develop approaches to address these problems. Three case studies provide real-world examples of different financial management environments and techniques in performing arts organizations. BalletMet Columbus (Ballet Metropolitan, Inc., the Ballet) provides the first case study for this project because it has been performing well, both theatrically and financially, for a number of years. It provides an example of effective financial management.

The object of the second case study is the Columbus Symphony Orchestra (CSO, the Symphony). The CSO was chosen for this project because it is one of the oldest arts organizations in the Columbus area and has experienced a variety of economic conditions. For the last several years, ticket sales and contributed capital have not provided the organization with enough revenues to cover its large and growing expenses. We will compare the CSO's approach to financial management to that of BalletMet Columbus. Both BalletMet Columbus and the CSO share the same facility, some of the same performers, and much of the same audience, yet the former has had fewer financial problems in recent years.

Finally, we will explore the development of a fundraising campaign by The Ohio State University Marching Band. The current renovation of Ohio Stadium (the

Stadium, "the Shoe") has forced the band to relocate its rehearsal facility to a new location, which will be built in the Northeast corner of "the Shoe." The band was required to provide a significant portion of the new rehearsal facility's cost. This was the first time that the band had ever attempted to raise any large amount of money. This case provides an example of a first-time fundraising effort and illustrates how to get a new fundraising project started.

Representatives of the organizations are interviewed concerning their experiences and perspectives on matters of financial management. Each of the cases provides evidence of relative strengths and weaknesses of fundraising techniques and highlights financial management techniques utilized by each organization.

Chapter Two

Literature Review, Economic Analysis, and Theoretical Discussion

The literatures of economics and accounting provide a general framework for understanding the financial problems faced by arts organizations. This understanding will be the basis for our conclusions and guidelines for organizations to follow.

The Economics of Performances and the Cost Disease

The central topic of this project is the phenomenon known as the "cost disease" and its effects on the performing arts industry. The cost disease theory states that *over time, costs will continue to rise relative to revenues*. This is to say that overall costs will increase while overall revenues will remain the same or increase only slightly. According to Arthur C. Brooks, a former professor of economics at Cornell University and Doctoral Fellow at the RAND Graduate School of Policy Studies:

"[The cost disease] refers to an inherent inability of performing arts firms to enjoy productivity increases from labor, resulting in continuously rising costs relative to revenues. To be more precise, [the] cost disease is a consequence of increased productivity and wages in the manufacturing sector in combination with an absence of higher productivity in the performing arts. Using a crude definition of product for the moment, the performance of a Haydn symphony requires the same number of musicians working for the same amount of time as it did when the piece was written 200 years ago. Therefore, the only way that the marginal revenue product of musicians could increase as it has for factory workers would be via an increase in marginal revenue for the output" (Brooks 1997b, 197).

Due to the disparity between rising costs and revenue generating capabilities, the performing arts industry does not enjoy the benefits of improved efficiency

yielded by industries such as manufacturing. This shortfall has led to a rising income gap and forced these organizations to generate additional revenues in order to cover expenses. There are, however, two sides to the cost disease. We have discussed the expense side, which is rooted in the production function. However, there is also a revenue side, which is rooted in the economic condition of the total marketplace and the market level of demand for the performing arts. This side of the equation will be discussed as part of the section dealing with possible cures for the cost disease.

Cost and Quality

Unlike many other organizations, arts organizations, by their nature, cannot enjoy significant productivity increases from more efficient production of their product. This is to say that a single musical composition or ballet production cannot be performed "live" more efficiently, or at least, not significantly. A symphony could be performed with fewer musicians or a ballet production performed with fewer dancers. However, these cuts substantially change the performance itself. More often than not, a reduction in the quality of the performance will constitute the creation of an entirely new performance and, as such, cannot be compared with a performance of the same piece or production using the required number of performers. For example, Bach's "Jesu, the Joy of Man's Desiring" can be performed by a full symphony orchestra and choir, as it is often performed in concert halls or other concert settings. However, a single piano, organ, or guitar can also perform the same piece, as is often the case when it is performed at weddings and other intimate settings. The same piece is performed in both situations, yet the experience is hardly the same. The typical wedding performance (single musician) is more efficient and

less expensive than the traditional "full" performance, but such a performance often will not do in a concert hall setting. Some reduction in the number of performers is possible, but only to the extent that the cuts do not alter the performance. To use a ballet example, the "Dance of the Sugar-Plum Fairies" from Tchaikovsky's *The Nutcracker* can be performed by two dancers instead of the suggested three without significantly altering the effect of the performance. However, one (or zero) performers would simply not have the intended effect. Therefore, a delicate balance must be reached between cost efficiency and the quality of the product.

Cost and Labor Markets

Another cost issue is the strength of the labor unions in the industry. The American Federation of Musicians is extremely powerful and puts a significant amount of pressure on symphony orchestras to provide its performers with the best possible salary and benefits. As a result, labor unions often times force salary levels beyond realistic amounts. The rising salary of the performers is one of the main reasons why the cost disease exists, in that large salary budgets cause expenses to rise on the production side of the equation. As the economy grows and inflation increases, the Consumer Price Index (CPI) increases; in turn, so does the cost of living. As the cost of living increases, organizations must pay their employees higher salaries. This factor, among others, causes expenses to increase, which aggravates the cost disease.

The Audience

Baumol and Bowen's (B & B) central hypothesis in Performing Arts—The Economic Dilemma (1966) is that costs per performance will rise more rapidly than

the general price level. This hypothesis stems from the concept of the cost disease in the performing arts, as explained previously.

In their summary of “the current state of affairs,” Baumol and Bowen examine the “cultural boom” that took place in the early 1960s and its effects on the performing arts. They conclude that the “cultural boom” greatly increased awareness and appreciation of the performing arts within society, which led to increased attendance and revenues (Baumol and Bowen 1966, 35-69). The effects of this “cultural boom” are still prevalent in society today, in the form of an increased demand for the performing arts and a relatively sizable audience and donor base. It is possible that we are currently experiencing a second cultural boom. This perception is based on the growing number of performing arts organizations in the last ten years. This phenomenon has resulted, in part, due to prosperity that the U.S. (and the world economy) has been enjoying for the last several years. This period of relative prosperity fostered the growth of funds available for the arts and an increase in public interest and desire to attend performing arts products.

In order to understand the nature of the demand for the performing arts, we must first understand the audience. Baumol and Bowen (1966) conducted extensive research into the audience base of the performing arts (See Appendix A for tables and graphs.). Their main area of concentration was the social status of the audience. The researchers concluded that, as expected, the bulk of the audience was made up of well-educated individuals with a relatively high level of income (Baumol and Bowen, 1966, 71-97). Baumol and Bowen also focused on the geographic location of the audience and found that a large portion of the audience base was concentrated in or

near large cities, specifically those cities where at least one performing arts organization was located. They attributed this observation to the increased awareness of those individuals living near an arts organization as compared with those living relatively far from any arts organizations who lacked the exposure to the arts. Further, individuals living in a relatively close proximity to any one type of performing arts organization, such as a symphony, were more likely to travel to another city to attend a performance of another type of performing arts organization, such as a ballet or opera. Baumol and Bowen attribute this observation to increased awareness and, perhaps, appreciation of the performing arts that these individuals possess. In sum, then, generating awareness is the lion's share of the battle to raise attendance levels for the performing arts.

Possible Cures for the Cost Disease

The purpose of this section is to discuss several theoretical approaches to improving an organization's financial position and to evaluate the effectiveness of those approaches. Arthur C. Brooks (1997b) examines possible demand-side "cures" for the cost disease. Although the majority of the audience for the performing arts is concentrated within the upper class, Brooks notes that the attendance of the middle and lower classes is growing at a higher rate than that of the upper class. This fact and its implications are central to developing strategies to cure the cost disease.

The Veblenian Approach

Brooks explores two fundamental approaches to increasing audience attendance. The first approach, which he labels a "Veblenian" approach, involves portraying the industry's product as an attractive, desirable luxury for those who

might not currently see it as such. The result of this action would be an increase in the demand for the performing arts, due to an increase in consumers and greater expenditure through increased share of rising income spent on performing arts. This approach, in addition to bringing in more customers, has the effect of increasing the income elasticity of demand for the performing arts.

The Veblenian approach suggests that in order to be considered a luxury, a good must possess two fundamental qualities: first, it must be able to be consumed in public; second, it must be a truly handmade good: another obvious quality of the performing arts (Brooks 1997b, 199-201). Clearly the performing arts possess these two qualities. Since the performing arts possess both of the fundamental qualities of a luxury good, the arts simply needs to be marketed as such. This is to say that arts organizations should associate the consumption of their product as much as possible with the upper classes, in order to associate enjoyment of the arts with a mark of membership and belonging. It is also important to note that the Veblenian approach is not exclusively directed at the upper income group, but is directed at all individuals who aspire to be a part of the social class directly above their current class. This approach includes practically everyone whose desires are deeply rooted in the American dream. Human beings possess an inherent longing to improve their social status—a need that is instilled in all of us as part of our cultural socialization.

The Marshallian Approach

The second approach the Brooks discusses is referred to as the “Marshallian” approach (Brooks 1997b, 201-202). This approach is subtly, yet importantly, different from the Veblenian approach. Instead of increasing the number of

consumers who view the performing arts as a luxury product for the sake of gaining social status, this second approach proposes to increase the number of people who partake of the performing arts simply for the direct enjoyment that participation yields, regardless of its impact on social standing. The best way to accomplish this goal is simply to expose the performing arts to the greatest amount of people possible. In support of this approach, Brooks refers to the work of Alfred Marshall who argues that by exposing an individual who has no appetite for the performing arts to several performances, that individual will develop an “insatiable desire” to attend future performances (Brooks 1997b, 201). That is to say that people will get “hooked” on the performing arts and will have demand curves that shift outward over time (Brooks 1997b, 202).

Applying the Two Approaches

Assuming that Brooks’ theory holds, can the Marshallian approach be used in conjunction with the Veblenian approach? The answer, as expected, is “it depends.” The two approaches can be used simultaneously only to the extent that the pursuit of new consumers under the Marshallian method does not degrade the elite image of the product. Without the upper-class image of the product, the Veblenian approach does not work. In general, the perception that the consumption of the performing arts product is fit for the lower classes will damage its image as a luxury good. Therefore, the two approaches are extremely different and would not be particularly compatible.

The National Endowment for the Arts

Brooks (1997b) further discusses the two approaches in terms of how they are being used today. He states:

"Which approach is in fact in use? In order to answer this question, it is important to delineate between the approach of those who direct public performing arts policy and those on the front lines, i.e., the management of individual performing arts firms. If we accept for the moment the National Endowment for the Arts (NEA) as the collective voice of the former, their desired approach is quite clear, as is reflected in the following excerpt from the NEA's Five-Year Planning Document 1986-1990:

Our Mission Statement directs Endowment activities to:

- Increase the performance, exhibition, and transmission of art to all people throughout the nation.
- Deepen understanding and appreciation of the arts among all people nation-wide.

Whether or not this Marshallian approach has been undertaken is less clear, however, as the following passage (from the same document) says:

The Endowment has done a great deal over the years to help artists and art institutions; we have done much less specifically to assist the process of reaching new audiences . . . we have not yet developed comprehensive strategies to broaden audiences geographically and demographically" (Brooks 1997b, 202).

The reason that the NEA may not have succeeded in its attempts to expose the arts as widely as possible is most likely because the individual performing arts firms may be using a more Veblenian approach than the NEA recommends. Even though the individual organizations support the NEA's proclamation and rely somewhat on NEA funding, they have an incentive to use the Veblenian approach if it appears to be more profitable than the Marshallian approach. Brooks notes:

"While orchestras, opera companies, and other performing arts firms usually engage in a certain amount of educational and out-reach activities, even the most casual observation tells us that the real audience development efforts are practically always focused on the very wealthy and (more importantly in a Veblenian sense) on those who would like to be considered to be of the same social rank" (Brooks 1997b, 202).

Another issue to consider is whether these individual firms, who appear to be using a more Veblenian approach, are attempting to obtain earned income or contributed income from their promotional efforts. To determine this we must look at the ratio of the performing arts organizations' income that is earned verses contributed (generated via private donations). Brooks cites a comparative study conducted by D. Mark Davidson Schuster: in a comparative study of eight orchestras in different countries, Schuster found that earned income amounted to nearly 80 percent of the American orchestra's total operation income, while private donations made up less than 20 percent. If this orchestra is representative of American performing arts firms, as Schuster apparently believes that it is, and the industry uses information reasonably efficiently, then a convincing argument can be made that firms do indeed take a Veblenian approach to demand expansion (Brooks 1997, 203).

As we will see in later chapters, Schuster's orchestra is not entirely representative of the firms to be examined in the case studies. Schuster only examined orchestras, which face very different environments from those facing ballets and other performing arts organizations. Schuster also included orchestras from countries other than the United States. The environments those orchestras face are also very different from the environment in the U.S. This leads us to believe that the market in the Columbus (Ohio) area is significantly different than those examined in Schuster's study; the effects of this discrepancy will become clear in later discussion comparing our three organizations.

Based on these facts, what holds true regarding the two approaches and their relative effectiveness? Brooks does not attempt to determine which method is

superior to the other. Instead, he simply provides arguments for both approaches and asks the reader and the management of the individual organizations to decide the most appropriate course of action for their particular situation. However, he does note that:

"If we accept that a Marshallian approach to increasing demand exists at the public level while a Veblenian one dominates at the firm level, what may we conclude? There are two basic possibilities; either the Veblenian approach is superior in terms of its effects on demand, or the Marshallian approach involves appropriation problems such that private firms have no incentive to adopt it, even if it is indeed the superior of the two" (Brooks 1997b, 203).

If some level of competition exists between performing arts organizations, then perhaps the Veblenian approach would be more effective than the Marshallian, based on the information available about the nature of the arts project, competitors' offerings, as well as the nature of consumers. Marketing the performing arts as a luxury good, which is fit for the upper classes, as opposed to one to be more "purely" enjoyed, would most likely increase the demand for the product both individually and collectively (Brooks 1997b, 203-4). We will discuss which approach the organizations in our case studies are currently using and which may be more appropriate in the "Analysis and Conclusions" chapter of this project. In sum, Brooks suggests that the Veblenian approach may be the superior of the two for expanding demand (at least initially), if for no other reason than his belief in the tendency of firms to engage in behavior that is self-serving (Brooks 1997b, 204). He writes,

"[The] cost disease can be combated in a number of ways. The demand side has not, however, been viewed very schematically with an eye to this purpose. Rather, the greatest amount of energy from economists for "saving the arts" has been devoted to public finance.

I have attempted here to begin building a careful framework for demand-side analysis by labeling the demand-side approaches that are in use. As the preceding paragraphs point out, it would be worthwhile to investigate empirically which (or what balance of the two if they are not in excessive conflict) is most appropriate at both the national and local levels so that it (they) might be better defined and exploited. And while I have made a few suggestions in the paper as to the ways in which each approach may most effectively be implemented, such an investigation would properly take up this question as well.

As David Throsby says, “. . . although the cost disease will continue to present the performing arts with difficult problems, it is unlikely to be terminal.” Effective manipulation of demand would further help to see that this is so.” (Brooks 1997b, 204-5)

Conclusion

The previous discussion identifies many of the issues to be discussed as part of the case studies. The distinction between earned income and contributed income is particularly important in our analysis of the case studies presented in later chapters. It is also an important indicator of an organization's approach to marketing and fundraising, and also of its operating success. Determining which approach (Brooks' definition of Veblenian or Marshallian) each organization is using allows us to characterize their strategy and also provides us with a means to evaluate that strategy.

Chapter Three

Methodology

The case study method was chosen as the basic method for this study because it allows researchers to develop a detailed understanding of real organizations and the issues they face. This understanding can then be used to assess both the applicability of economic theory and develop practical insights into the organization's problems.

As a basis for the case studies, the author has met with representatives of management from each of the organizations mentioned formerly:

In the study of BalletMet Columbus, the author met with Timothy O. Cooper, Chief Financial Officer and Treasurer of BalletMet Columbus and Partner in the Columbus office of Arthur Andersen, LLP. The author also interviewed Richard Swanson, Former Treasurer of BalletMet Columbus, current board member (finance committee), and retired partner from the Columbus office of Arthur Andersen, LLP. In addition, the author spoke with Ms. Julia Blackburn, Executive Director of BalletMet Columbus, and Mr. Scott E. Davis, Director of Administration and Finance for the Ballet, who provided insights and information concerning the operations and fundraising approaches of the Ballet.

As a basis for the Columbus Symphony Orchestra case, the author met with Ms. Susan Franano, of the Ohio Citizens for the Arts (OCA) and former Executive Director of the Columbus and the Kansas City Symphony Orchestras. The author also spoke with Carl A. Nelson, Jr., Arthur Andersen Partner and former CSO board member, who provided an understanding of the strategic planning and fundraising approaches used by the Symphony.

As a basis for information provided in the third case study, the author met with Dr. Jon R. Woods, Director, The Ohio State University Marching Band, and also used his personal experience as a member of both the band and its fund-raising committee.

Chapter Four

Case Study One: BalletMet Columbus

BalletMet Columbus (the Ballet) has been an active member of the Columbus community for the past 21 years. The following information is from the Ballet's website:

"BalletMet Columbus has provided artistic excellence in the field of dance to central Ohio since 1978.

The mission of BalletMet Columbus is to expand the cultural horizons of all whose lives we touch, both locally and globally, through creation, presentation and celebration of dance.

The following core principles will guide BalletMet's achievement of its mission:

The resident professional company will attain an identity as a classically-based ensemble of soloist quality dancers distinguished by their versatility, artistic expressiveness and unique style.

BalletMet will gain prominence among American dance companies for the distinctiveness and diversity of its performance repertoire, including classic and contemporary works that engage a broad range of audience interest in Columbus and on tour.

The Dance Academy will be nationally known for the uniqueness of its syllabus, the comprehensiveness of its curriculum and the quality of its instruction for both pre-professional and avocational students of all ages.

BalletMet will serve the Greater Columbus area by providing a variety of appropriate and meaningful arts education and community outreach programs to diverse constituencies so that the experience of dance appreciation may be accessible to the general population.

BalletMet will build, inspire and nurture knowledgeable and engaged dance audiences. BalletMet will ensure the institution's continuing creative and fiscal vitality by maintaining a strong governance/management partnership between professional staff and an active, community-based Board of Trustees.

Approved by Board of Trustees December 3, 1996"

Elements of Financial and Operating Success

For the last several years, the Ballet has enjoyed a period of relative financial well being, reporting a \$930,000 change in Net Assets in 1998 and \$20,000 in 1999. (see financial statements in Appendix B). Revenues have been sufficient to cover expenses in recent years and the outlook for the future is very positive.

The organization has been performing well both on the stage and in the books. The success of the Ballet is not the result of luck or haphazard operations, but instead stems from good planning and budgeting (among other factors to be discussed later). The cost disease is real and, decidedly, does exist for the Ballet. However, the Ballet has been relatively fortunate in its efforts to overcome this obstacle.

The first item discussed during the interviews was the current financial position of BalletMet Columbus. Mr. Davis provided the current financial statements (Appendix B) and Mr. Swanson explained each item on the Balance Sheet and Statement of Position. A major issue for the industry as a whole is the ratio of earned revenues to contributed revenues. The Ballet maintains approximately a 60-40 relationship between the two categories; 57% of total revenues are earned and 43% are contributed (\$2,695,048 earned, \$2,038,313 contributed [Appendix B]). This ratio is relatively high compared to other organizations in the same industry and marketplace and, therefore, puts BalletMet Columbus in a favorable position financially. Maintaining this favorable ratio is recognized as one of the Ballet's goals for strategic planning purposes and it is constantly monitored to assess the current financial status.

In addition, the Ballet performs “The Nutcracker” every year in December. This is a very successful series of performances. The revenues generated from this performance alone account for approximately 37% of the total earned revenues for the year (approximately \$1,000,000 out of \$2,695,048 [Appendix B]). According to Mr. Davis, "Not only do we earn approximately 37% of ticket revenue during the run, but an additional \$275,000 (estimate) results from Nutcracker-related contributed income, as a result of our annual 'Nutcracker Ball'." Due to the nature of their business, the Ballet is able to capitalize on certain seasonal interests. For example, significantly more people want to see “The Nutcracker” in December than in July. Furthermore, this season the Ballet performed “Dracula” towards the end of October, during the Halloween season, when the expected attendance would be higher than perhaps in March. Planning for seasonal events and capitalizing on the heightened interests in seasonal shows allows BalletMet Columbus generate significantly more revenue than it otherwise would.

Budgeting Control

One of the major practices important to the success of any business is budgeting. BalletMet Columbus has a very intensive budgeting process that allows the board and the administrative staff to assess monthly the current financial position of the organization. This information enables the organization to take immediate action to correct any negative circumstances before it is too late.

The senior staff of the Ballet, which is made up of all department heads, including the Artistic Director, begins work on the budget for a particular year 18 months in advance. The budget is built, more or less, from the bottom up. That is,

the department heads draft their portion of the budget to reflect their needs, and then the senior administrative staff discusses the amount of funds available. During this discussion, the significant issues are addressed and each department head is made aware of the others' situations, problems, and concerns. This process allows department heads to make compromises and reach a shared understanding so that all parties involved agree on a course of action that is in the best interests of the organization as a whole. A typical budget will go through several drafts (5 or more) and must then be approved by the finance committee, the executive committee, and the full board of trustees. This practice is invaluable to the success of an organization. According to Ms. Franano, it is very common for organizations to function as separate departments all working in their own best interests and not necessarily in the best interests of the entire organization (See *Synergy* section in Chapter 7). These conflicts of interests can lead to serious financial problems for the organization as well as its related effects on worker morale and tension in the workplace.

When asked about budgeting, Mr. Swanson produced a sample budget variance summary, which the Ballet compiles every month (Appendix C). After the board approves a budget, the actual year-to-date amounts are tracked. Each month these figures are compared to the budgeted amount. At this time, the department heads must explain any variances and make a revised forecast based on the actual year-to-date amounts. This allows the administrative staff to know exactly where they stand in comparison to their budget and where they expect to end up at the end of the year. This also allows the Ballet to make any necessary corrections and to

better plan for future needs. In addition, this summary is regularly shared with the finance committee and the full board (if necessary). The finance committee meets at least five or six times per year and the director of the finance committee meets with Ms. Blackburn and Mr. Davis every month. As a result, the board truly knows where the organization stands financially and can take timely action, as necessary.

These types of management control procedures are not always formalized at arts organizations. Many organizations lack a good system of internal monitoring and, therefore, neither the administrative staff nor the board of trustees has adequate information to accurately assess their current financial position. This knowledge deficiency makes it impossible for these organizations to re-align their operations with their budgeted goals (amounts), or to react to unforeseen circumstances in a timely fashion.

Mr. Swanson, Ms. Blackburn, and Mr. Davis all stressed the need for good budgeting and constant comparisons to actual amounts. Good planning and staying as close to the plan as possible are good tactics for success in this industry. Another important aspect of budgeting is having the entire organization involved in the budgeting process. For example, the current Artistic Director, David Nixon, is in charge of the productions. As a result, he can control the costs of each production to some extent, if necessary, by slightly altering the set and/or employing other cost-cutting techniques. It is critical that he and other members of the production staff have a good business sense and understand the budget and the related amount of capital available for the set, the performers, and other items needed for the production.

By having all parties involved in the budgeting process, all the individuals are able to appreciate the problems faced by the other departments. As a result, conflicts can be overcome and the organization can function as a team, instead of separate departments. This inclusive approach to budgeting also makes it possible to stick relatively close to the budgeted amounts. Since everyone plays a part in the budgeting process, they all agree to budgeted amounts. This technique can also prove invaluable to the success of an organization. In addition, the Artistic Director often recommends which productions to undertake. He or she can again help to control costs by recommending productions that can be performed well while minimizing the total cost. To illustrate, Mr. Swanson stated that, "Most of the board members are here for artistic interests, not business interests. Therefore, the Artistic Director can often persuade them to undertake certain productions despite the lack of adequate funds simply by saying 'We're going to do this' To which the board would likely respond, 'Yes, this is artistic and we're going to do it come hell or high water.' So, it is imperative to have a somewhat conservative Artistic Director who has a good business sense and who understands the importance of the budget in order to succeed."

Cost Control

Another important aspect of combating the cost disease is to control expenses. According to Mr. Davis, "This is a business! And we have to do what we can to make it thrive. Other arts organizations may not be entirely focused on sound business practices. This different philosophy can lead these organizations to tolerate a higher-than-necessary level of expenses." He further added that, "This is often the case at

large not-for-profit organizations as well as small arts firms.” The Ballet employs a number of cost-cutting techniques that may seem small individually, but have a significant effect on the bottom line. For example, BalletMet Columbus has its own production shop, which specializes in constructing the sets needed for its performances. This service is typically contracted out to other companies who specialize in this area. However, since this is a highly specialized trade, these companies are usually located in distant cities, such as New York or Chicago. By having this talent available locally, the Ballet can enjoy significantly lower costs as well as receive a higher level of service from its own production shop than it could by contracting other specialists located far away. Mr. Davis stated that, "I think it is worth mentioning that the outside jobs that our production shop not only provide earned revenue, but additional experience for our crew, which eventually should translate to lower costs for BalletMet. (The more experience someone has doing a job should result in a higher quality product, which is produced more quickly.)" In addition to lower costs, the Ballet’s production shop also helps to raise additional revenues. The shop can be contracted to service other arts organizations, such as Opera Columbus, as well as the Ballet. BalletMet Columbus can improve its financial position by taking advantage of this opportunity, which is only available to it. The production shop should be expanded in order to provide the sets for as many organizations as feasibly possible. According to Mr. Swanson, another opportunity for growth is to take the company on tour. There are only so many performances that one organization can give in the same area. Therefore, once a performance has been developed and polished, it should be taken on the road. Touring allows the Ballet to

have more performances with the same amount of (or slightly more) practice time, leading to more revenues with only slightly more costs. Another way to earn additional revenues is to rent out old sets or set materials that are being stored for future use. This is a simple and relatively painless method of earning additional revenues. In turn, this extra earned revenue helps to maintain the ratio of earned to contributed revenue for the Ballet.

Another method for controlling expenses is to constantly search for service providers who offer the lowest rates. Mr. Davis stated that, “[Organizations] must always shop around for the cheapest service providers. There are lots of ways to control costs, you just have to look for them.” For example, the Ballet recently hired a new external auditor (switching from a large accounting firm to a smaller one). According to Mr. Davis, this new firm is charging approximately 50% less than the larger firm. He added that, “Of course there were some concerns about changing auditors, such as an uncertainty that the new, smaller firm would be able to provide the same level of service while developing an interest in and favorable working relationship with the Ballet as the larger firm had done. But, so far, the new firm has been great. So, yes, there are concerns, but an organization can’t be afraid of change.”

This technique of “shopping around” for the lowest possible cost of service can be applied to all service organizations, including: phone companies, electric companies, and other utilities. The costs associated with these services are perceived as necessary and are often overlooked when searching for ways to reduce expenses. While these services are necessary, there are many companies that can provide them.

Therefore, organizations should constantly ensure that they are not overpaying for these services. For example, the Ballet's insurance provider recently increased its rates by 25%. These kinds of increases must be investigated and, if they are found to be exorbitant, then the organization should shop for another provider. Mr. Davis again mentioned that there are many issues to be considered when "shopping" for services, such as the relationship between the organization and the provider. He stated that, "Some organizations may justify keeping a service provider who charges high rates because that provider made a generous donation in years past. This is not always a good practice. Relationships are important, but this is a business and expenses must be controlled."

The Artistic Director can, again, play an important role in controlling the cost of each production. He or she can employ a number of techniques to accomplish this goal, such as using fewer dancers than the traditional performance calls for, building the set out of cheaper materials (such as Styrofoam instead of wood), or renting instead of purchasing set materials. The Artistic Director can also cut costs, by asking organizations to donate some of the materials used in the construction of the set. By using these simple techniques, as well as those discussed in previous paragraphs, an art organization can significantly reduce its expenses and move one step closer to curing the cost disease.

When asked if there were any issues that the organization seems to wrestle with every year, both Ms. Blackburn and Mr. Davis responded, "personnel costs." According to the 1999 Financial Statements for the Ballet, Salaries and professional fees accounted for 47% of the total expenses for the year (\$2,104,357 out of

\$4,437,250 [Appendix B]). In addition to this amount, every year the board intends to give the administrative staff more than their standard 2% raise, but these funds almost always get cut from the final budget. Sometimes, if at year-end the Ballet has a positive cash position, the employees may receive additional bonuses instead of a raise, but this is not always the case. This is a problem that demands constant attention. Again, it involves minimizing costs. If a certain employee is not granted a raise after a few years with the organization, he or she may decide to leave the company. It may not be immediately apparent, but the cost of giving an employee a raise may be less than that of hiring and training a new employee to replace current employees who have left. There is much more to consider than just the outflow of cash for a raise and, furthermore, each employee's case must be examined individually. This is a recurring problem, which can only be alleviated by hiring good people. Staffing is especially difficult for not-for-profit organizations. An employee for a non-profit organization must truly want to work there (for the benefit of society, not for him or herself) and must be willing to be paid less for higher quality work than in for-profit organizations. These individuals are obviously hard to find but play an important role in the organization's success.

Fundraising

Contributions, both public and private, account for a significant portion of the Ballet's revenues. These contributions come from a variety of sources, including corporations, benefit functions, donated services, foundations, individuals, and federal, state, and local governments. Managing these different groups is a large task, which requires many personnel hours to accomplish. To aid in this process, the Ballet

recently installed a new computer system. The system can store the data necessary to manage the current donors as well as target potential donors. The personnel time that is saved by implementing this new system can now be spent on writing personalized “thank you” letters to donors. This personal touch is appreciated by the donors and, therefore, helps to maintain and grow the size of the donor base. Ms. Blackburn identified as a problem the fact that current (recurring) donors tend to give the same amount each year. While the amount of each donor contribution stays the same, costs continue to rise (hence the cost disease). To combat this trend, Ms. Blackburn suggested a program where the Ballet would ask for a “cost of living” increase in the amount of individual donations. When asked about fundraising, Ms. Blackburn responded, “You just have to ask. If you don’t ask you won’t receive anything.”

Conclusion

As a result of these sound business practices, the Ballet is now able to produce bigger shows for the same cost or cheaper than it was able to ten years ago (per Mr. Davis). Mr. Swanson stated several times that “there is no magic in this business, only good planning and sticking to the plan.” According to Mr. Swanson, the overall success of BalletMet Columbus can also be attributed to a few key individuals. “There are always a few people in an organization who devote a significant amount of time and effort to the cause,” he said, “and their intangible efforts play a big role in the organization’s success.” Ms. Blackburn mentioned a few items that she thought were key to success in this industry:

- Keeping up with technology. The cost of a new computer system or software package may be less than the cost of doing business the current way. The

computer system or software may save more time, money, and other valuable resources than it costs to implement it.

- Personalized “Thank you” letters to donors.
- Good People.
- Good cash management. Maintaining cash reserves, not spending too much or too little cash, and maximizing interest payments (making good investments) can also make or break an organization.
- Renting out the production shop to other organizations.
- Everyone working towards a common goal, not as separate departments. Have everyone involved with the budgeting process.
- Always looking at the big picture.

The distinctive features of this case include the clear sense of the organization's mission that every member possesses, good budgeting and business techniques, and the predominant use of the Marshallian approach to marketing and fundraising. As we have discussed, the Ballet's contributed capital is obtained from a variety of sources including both wealthy individuals and individuals who belong to social classes below the top. Obviously it is beneficial to target any fundraising efforts at the upper classes, because they are more likely (and more able) to make large contributions. This fact increases the Ballet's marginal returns on its efforts directed at these individuals (relative to those directed at individuals in lower social classes). Therefore, the Ballet markets its product (performances) to all audiences, but directs its primary fundraising efforts at the upper middle class and the wealthy. By marketing its product to all audiences, the Ballet does generate some contributed

capital from "small" donors. These donations are significant and do add up to a substantial portion of the organization's income. Furthermore, these donations come with very little costs, since no direct effort is used in obtaining them.

These techniques represent the fine balance that Brooks implies is necessary between the Veblenian and Marshallian approaches. This balance appears to be working for BalletMet Columbus and is the best approach for obtaining its goals.

Chapter Five

Case Study Two: The Columbus Symphony Orchestra

The Columbus Symphony Orchestra (CSO or the Symphony) has been dedicated to the Columbus community for nearly 50 years. The following information is from the Symphony's website:

"The Columbus Symphony Orchestra is the oldest, largest and most visible performing arts organization in central Ohio, with an annual audience of over 450,000 for live and broadcast performances. This year, the orchestra will present more than 210 performances of 70 different programs. In May 1998, the Cincinnati Enquirer music critic said, "The most thrilling performances I heard this season were by the Met Orchestra (in Cincinnati), the Los Angeles Philharmonic (in New York) and The Columbus Symphony Orchestra."

Now in its 49th year, the orchestra has a 46-week season, 51 full-time musicians and a 1998-99 annual operating budget of \$7.9 million, the 23rd largest in the country. The Columbus Symphony Orchestra has reached major-league status.

The orchestra offers a fifteen-concert Classical Series, a symphonic Pops Series, Holiday Pops performances, two popular summer series, Picnic With the Pops and Popcorn Pops, Concerts for Families, Young People's Concerts, Lollipop Concerts for kids and families and other special events, featuring an array of provocative and internationally-acclaimed guest artists and conductors from all over the world. The orchestra also accompanies performances each year for BalletMet, Opera/Columbus and Columbus Light Opera.

The Mission of the Columbus Symphony Orchestra is to advance a symphony orchestra of the highest artistic standard for the enrichment, enjoyment and well-being of central Ohio." (CSO 2000)

For the last several years, the Symphony has experienced a period of relative financial distress. The organization has been performing well on the stage, but ticket sales and contributions have not been sufficient to cover expenses. The cost disease is real and clearly exists for the Symphony, which has seen the worst effects of it in

recent years. The CSO's situation has improved slightly in the last three years, but much improvement is still needed.

Fundraising Practices and Problems

Upon speaking with, Ms. Franano and Carl A. Nelson, Jr., Arthur Andersen Partner and former CSO board member, I was able to obtain some insight into some of the fundraising and operating techniques that are currently in use at the Symphony and some possible areas where improvement may be necessary.

Mr. Nelson stressed the importance of personalizing the letters sent to past, present, and potential donors. He stated that, "I was on the board for eight years. I've bought season tickets for who knows how long, yet I still get form letters in the mail addressed to 'Mr. Nelson.' You would think that after all this time, they (the Symphony) might send me a personal letter or at least know who I am when I call their office." Taking care of valued customers, donors in this case, has to be a priority not only for not-for-profits, but for every organization. Failure to accomplish this can be disastrous, in that the organization may lose funds that it has counted on for budgeting purposes.

Mr. Nelson also commented on the strategic planning techniques used at the Symphony by stating that, "There are two schools of thought here: do you spend money to make money, or do you scale-down, cutback, and realize that Columbus is not a relatively big city and that the CSO is not a major orchestra? This is an important issue and the outcome will significantly impact the success of the organization. You have to maintain a fine balance between the two schools of thought in order to survive."

“A few years ago,” he continued, “we looked at 30 major symphony orchestras across the country and noticed that all of them were losing money, except those that had large endowments.” In these cases, the interest from the organizations’ endowments was large enough to offset their operating losses. However, this may not be an option for smaller orchestras as they are less likely to have large endowments. Endowments are also extremely difficult to obtain. They usually come from large corporations or from exceptionally wealthy individuals. According to Mr. Nelson, one way to target a particular organization, either for an endowment or other contributions, is to provide incentives for its employees to attend performances. He stated that, “A corporation will be more willing to contribute funds to an organization if that organization touches more of its employees. For example, if the CSO made tickets available to Nationwide employees at a discounted rate, more Nationwide employees would most likely attend. Support for the Symphony would continue to grow within Nationwide, and eventually, the company would be more willing to contribute.” This may be an oversimplification in that there are many other issues and factors to be considered in this process. However, the basic idea is that corporations, or individuals for that matter, will be more willing to contribute to an organization if they feel that their employees receive some value from that organization, either directly through discounted tickets, or indirectly as members of the community.

This suggested method would create balance between the Veblenian and Marshallian approaches, in that it would target large corporations by appealing to their employees. Using Brooks’ methodology, the Symphony presently appears to be

more Veblenian than Marshallian in its approach to fundraising. Despite the fact that most orchestras do engage in certain "community outreach" projects, such as education and children's concerts, Brooks maintains that corporations and wealthy individuals represent the primary focus of most orchestras' fundraising efforts (the CSO does not appear to be an exception).

The distinctive features of this case are the predominant use of the Veblenian approach to fundraising and the use of certain business techniques that may have a significant impact on the organization's operations. The Symphony appears to have notable problems developing a budget and sticking to it, as Ms. Blackburn suggested is paramount to the success organization. We will discuss possible courses of action in our analysis and conclusions section.

Opportunities for New Revenues

In order to succeed, standard ticket sales cannot be the only source of revenue for the Symphony. There are several opportunities for generating revenues that only symphonies enjoy. According to Ms. Franano, the CSO has to use the resources that are only available to symphonies to generate these revenues. First, the symphony should use its musicians for additional performances, such as small ensemble performances. This does not include birthday parties or other performances that may be degrading to the musicians, but serious performances in a chamber music setting. The Dayton Art Institute has sponsored a similar program for several years called the "Vanguard Series," which brings in world renown musicians to play in five to six member ensembles. Of course, this program has a significant cost for the art institute since it does not have its own musicians. However, such a program also offers

increased opportunities for attracting consumers and provides exposure for the museum to potential new audiences. If the CSO were to engage in such a project, it could make use of its own idle resources. In addition, if the performers perform the same music they have been rehearsing with the full orchestra or tunes that they already know, then very little practice time is necessary and minimal (sometimes zero) additional costs. This plan makes use of the labor that the Symphony is already paying for and brings in more revenues. This leads to a marginal productivity increase for each performer. Professional orchestra musicians often object to this kind of plan. But an agreement could likely be reached by adding a clause to the musician's contract stating that they will receive service time and a half for any necessary practice time and two service hours for performance time. If an agreement cannot be reached, the symphony may have to pursue other options.

Another opportunity for the CSO to generate additional revenues would be through merchandising. At present, the symphony only has a gift shop, which is run during performances, that sells its recordings and logo merchandise. The scale of the orchestra's merchandising activities could be greatly increased. The product line could be expanded to include not just CSO logo merchandise, but other music related items. If marketed correctly, the symphony shop could be THE place that people think of for obtaining musically "themed" gift items. This would allow the shop to take advantage of seasonal sales, develop a catalogue, etc. The merchandise could also be added to the CSO's website. There are other issues to consider, but in general, possibilities are numerous.

According to Ms. Franano, the most important area for the Symphony to expand are the organization's educational programs. As mentioned above in the background information, the CSO has a widely renowned education program. While the program is successful as it is, expanding it will provide the Symphony with the ability to generate additional contributed capital. This increased commitment to the community can prove invaluable when attracting potential donors. The St. Louis Symphony (SLS) was the first orchestra to become THE music education provider for the community. The SLS's education program has done so much for the organization, in that it opens numerous doors to many new opportunities. As we have seen, the BalletMet Columbus has a very successful dance academy. The academy has been a very important part of the success of that organization. In fact, the Ballet is not nationally recognized for its performances, but it is nationally recognized for its dance academy. This fact underscores the importance of a commitment to education. The education program also creates the opportunity for a new kind of fundraising. Many potential donors would be more willing to contribute to an organization committed to education than one that has not demonstrated that commitment to the community. In addition to the fundraising considerations, the program also gives the CSO the opportunity to "breed" its own future performers. This ability can also prove invaluable to the success of the organization.

Chapter Six

Case Study Three: The Ohio State University

Marching Band

In order to understand the situation facing the Ohio State University Marching Band (OSUMB, the band), one must understand the organization itself. The forward to Script Ohio (a publication containing the complete history of the OSUMB) reads as follows:

The Ohio State Marching Band is an organization rich in history and tradition. The single enduring tradition which has made the band one of the great collegiate marching bands in the country is its constant drive towards excellence. The band is often accused of being too conservative. Throughout its history, though, the band has been an innovator in its field. Ohio State firsts include floating formations, all-brass instrumentation, script writing, and the 8-to-5 step. Innovation—change—is woven into the very fabric which makes up the band; to excel, change became a necessity. The band's conservative label, though, is at times well deserved. When the band has found something which works, the routine is adopted as sacred and constantly refined to perfection. This drive toward excellence, then, has kept the band on a path of building on its past. Drastic changes have at times been necessary, while stolid conservatism has been required at other junctions. (Littlegreen 1989)

The band uses a traditional high-step marching style deeply rooted in its military traditions. The band was originally a part of the Reserve Officers Training Corps program, Navy ROTC. In fact, the band still wears the uniform of the 1929 Navy ROTC (with some slight modifications). Each and every time the band takes the field, it strives to maintain the level of excellence that its former members have established, and live up to its reputation as "The Best Damn Band In The Land" (TBDBITL).

Over the years the band has become a favorite among the dedicated Buckeye fans. Some of the fans who attend Ohio State home football games are there only to watch the game itself. However, many fans have come to Ohio Stadium to experience the phenomenon known as “Saturday Afternoon Fever.” That is, they intend to take in the whole experience of being in Columbus, Ohio, on a game-day afternoon. This includes the football game, the band’s performances, the cheerleaders, Block “O,” tailgating before and/or after the game, and all of the other people and events that add to the experience. To these fans, each of these events are just as much a part of the experience as any other. As such, the band has developed a faithful following over the years.

New Fundraising Initiative

In 1999, the marching band experienced drastic change. For the first time since its construction in 1922, Ohio Stadium underwent a massive renovation project (see Appendix D for pictures). The project increased the stadium seating capacity and brought the building up to current building codes; renovations displaced many of the stadium’s inhabitants, including the OSUMB.

In 1961, the band moved its rehearsal facilities from Rehearsal Hall (no longer in existence) to an unoccupied portion of the stadium dormitory located in the Northwest corner of the stadium. The 38 years from 1961 to 1999 took their toll on the stadium bandroom. After carefully considering all the alternatives, the decision was made to construct a new facility in the Northeast corner of the stadium. The new facility would almost double the size of the rehearsal room and add some much needed office, storage, and locker room space (Appendix E blueprints).

The construction of the new facility required a capital outlay of approximately \$5 million. According to university policy, the Athletic Department was required to contribute 60% of the total cost (approximately \$2.8 to \$3 million), because that department was responsible for the renovation project, which forced the band to relocate. The same treatment was given to the other organizations that were forced to relocate as a result of the renovation, including the stadium dormitories and other academic departments. The band was responsible for raising the remaining 40% of the project cost (approximately \$2 million). The Athletic Department continues to provide funding for the band's operating budget, but only the amount mentioned above was provided for the new facility. The TBDBITL Alumni Club (marching band alumni), working in conjunction with the Athletic Department, School of Music, OSU development office, and the College of the Arts, is currently in the process of raising the marching band's portion of the funds for the new facility.

Since its budget was funded entirely by the Athletic Department, the band had no fundraising mechanism in place. The TBDBITL Alumni Club carried out the only fund-raising for the band of any kind that took place prior to 1999. The TBDBITL Alumni Club raised funds through its *Script Ohio Club*, which collected mostly \$50-\$100 donations and used the funds to purchase new instruments and uniforms for the band. This was the only experience with fundraising that the band had available to use as a model for the new initiative.

The Campaign

In response to this new need, a special committee was formed consisting of TBDBITL Alumni Club officers, the Development officer for the College of the Arts,

the current and past directors of the OSUMB, and the author (Marching Band student representative). The committee met approximately every other week or as needed to discuss past results and future plans.

An account was set up within the Athletic Department to handle the funds for the campaign for the Stadium Bandroom. Sharon Ferguson, Development Officer for the College of the Arts, managed this account. All donated funds went to this account and records of the deposits were sent to Ms. Ferguson. Mailed donations were first sent to the University Development Gifts Center in the Fawcett Center for processing. This was done so those donors may be recognized by the University (added to the mailing list) and also by the Presidents Club or Buckeye Club if applicable. The Presidents Club (Buckeye Club is similar) is open to all donors who contribute \$2,500 or more. Members of this Club qualify to enter the lottery for season football tickets. Once the donations were processed, they were sent to Ms. Ferguson for her records and to follow up if necessary.

The committee established several incentives and donor benefits. In addition to President's Club and Buckeye Club recognition, donations of \$500 and above would be recognized with a plaque in the lobby of the new facility. There were also several naming opportunities available for donation from \$10,000 up to \$1.2 million (Appendix F Campaign Brochure). Those opportunities were as follows:

Entire Marching Band Center	\$1,250,000
Rehearsal Hall	750,000
Director's Suite & Conference Room	250,000
Director's Suite	150,000
Conference Room	100,000
Practice Rooms	
Horn Room	50,000
Percussion Room	50,000

Trumpet Room	50,000
Library	50,000
Entrance Lobby & Display Area	25,000
Band Lounge	25,000
Alumni Lounge	25,000
Fraternity Room	25,000
Sorority Room	25,000
Storage & Maintenance Areas	
Instruments	25,000
Uniforms	25,000
Observation Gallery	10,000
Locker Rooms	
Women's	10,000
Men's	10,000
Trainer's Room	10,000
Chairs	2,500

In order to start the campaign, the committee first turned to the OSUMB alumni. The TBDBITL Alumni Club (made up of OSUMB alumni) is one of the largest of its kind and maintains a mailing list of over 3,000 band alumni (active membership). These members also have the ability to contact other band alumni who are not members. The TBDBITL alumni membership was sent a letter (Appendix G) explaining the renovation project, the need for funds, and the details of the plans for the new facility. In this letter, the committee asked each alumnus/alumna for his/her help in one (or both) of two ways. First, the committee asked for a personal donation of any size. Second, the committee asked for the name of a company contact. This contact could be any acquaintance of the alumni whose place of business might be interested in making a corporate donation.

The response from the alumni was very positive. Many made personal donations and Sharon Ferguson contacted all potential corporate donors. Some of the alumni, who did not want to see a corporation's name placed on the new facility, organized a movement to raise enough funds from former band members to keep the

traditional name "Stadium Bandroom" on the new facility. The results of their efforts are yet to be determined. When the campaign is over (2002), however much money is in that fund will be used to name the highest priced room possible. For example, if there is \$100,000 available in this fund, then the Conference Room will be named (or left blank). However, if there is \$250,000 available, the Director's Suite and Conference Room will be named (or left blank). The goal is to raise \$750,000 or \$1,250,000 to name the Rehearsal Hall or Entire Marching Band Center, but if this goal is not reached, the funds will be used for the highest possible naming opportunity.

The committee also established a website for the campaign for the stadium bandroom at www.osumb.org (Appendix H). The website contained all the information about the project and the fundraising campaign. The committee also printed professional brochures, which were distributed manually and passively with the cooperation of many local businesses throughout the Columbus area and the state of Ohio (Appendix F Campaign Brochure).

The campaign was also heavily publicized in the Columbus area during its first few months. In addition to the brochures, alumni letter, and website mentioned above, the campaign was also advertised on local television stations (channels 4, 6, and 10) as well as in local newspapers (the *Columbus Dispatch* and the *Lantern* [Ohio State newspaper]) (See Appendix I for Newspaper articles). This media coverage took place in the week/two weeks prior to the Ohio State opening game against the University of Miami in New York. This timing was chosen because of the state of anticipation and media "hype" that occurs shortly before the Buckeye season begins.

The band was able to capitalize on this exposure, because it got "the word out" before the season began. This enabled the band to move forward with the campaign because the community was already aware of the project and simply needed to know how it could help.

After the media coverage was released, the committee then contacted a major audience of band supporters: the crowd in St. John Arena before every home game for the band's Skull Session. Every Saturday morning, two hours before kick-off of a home football game, the band marches to St. John Arena and plays through its entire pre-game and half-time show for a crowd ranging from 5,000 to 12,000 fans. Before every Skull Session, an announcement was made about the campaign for the stadium bandroom. The announcer directed the audience's attention to the Skull Session programs (Appendix J Skull Session Program Insert), which contained all the information on the campaign, and to the website for more information. The Script Ohio Club had used a similar approach (an announcement and placing information in the Skull Session program) for many years. The committee decided to use this technique based on the success of the Script Ohio Club and the response received by this approach. The response from this technique was also very positive. Many audience members tore off the attached section of the program and mailed it back in with a donation. Also, many people told their friends and relatives about the campaign and, although the audience members themselves were not willing to make a donation, their friends and relatives were able to use the program attachment to make their own donation.

The committee also targeted those in attendance at the OSUMB's annual year-end concerts. The band performs a series of concerts towards the end of every season during which they play all of the music for the entire season, as well as The Ohio State University School Songs (fight songs, alma mater, etc.). Again announcements were made during each concert and the concert programs also contained campaign information. The concerts were located in Bucyrus, OH, three in Columbus, OH, and one in Toledo, OH. The response was, again, positive. Since there was no cost associated with making the announcements and including the campaign information in the programs, any response at all made the effort worthwhile.

Strategic Considerations

The overall strategy that the committee developed to approach this campaign was to tap into the already well-developed base of band supporters. Obviously, since there was a set amount of money to be raised, the committee approached it with the attitude that "the quicker we can raise the required amount the better (big/corporate donors), but without alienating our fan base (smaller donors)." This statement is a gross oversimplification of the issues involved, but serves as a summary of the committee's approach. The band was given three years to raise the required funds. Obviously, a single big donor could potentially end the campaign overnight. But such donors are extremely rare. Therefore, the bulk of the fundraising efforts were directed at the fans: individuals who love the band, but who could only provide a relatively small amount of monetary support. This approach was taken because these individuals are whom the band performs for every week. The fans are the reason the band takes the field with such pride and tradition. Without these fans, the band would

not be what it is today. This is not to say, however, that the big donor approach was not pursued. As stated above, Ms. Ferguson followed up on any and all "big donor" leads that she received, some of which may pay off in the near future. This delicate balance between approaches added to the success of the campaign.

Another approach that the committee took was that, as stated above, the band has never run a fundraising campaign like this before and may never again have the opportunity to raise a significant amount of capital. Therefore, the committee will not limit itself to the \$2 million amount required to cover the cost of the new facility, but instead will continue the campaign for the full three years in order to raise as much capital as possible for future projects. With this mindset, the committee has kept its options open to pursue potential donors (of all "sizes") regardless of the amount already raised. Because the campaign will officially be open for the next two years (until the three year limit is expired), I am unable to provide definitive information on the final outcome of the project. However, at this time the committee is well on its way to raising the required amount and if some potential donors do, in fact, contribute, the band should have some funds left over for future use.

The use of any "additional" funds collected through the campaign was another topic of discussion at committee meetings. Some committee members felt that the band was legally bound to spend the money on the facility itself and that if any funds remained after the initial construction costs were covered, they should be spent on future renovations (paint, repairs/maintenance, etc.). Other members of the committee believed that the money could be spent on items for "the band" in general (i.e., instruments, uniforms, equipment, etc.). The outcome of this discussion is yet to

be determined, because the campaign is still in progress. However, the implications of the "early" discussion are very important to understanding the success of the campaign.

Overall, the campaign has progressed very well to date, but is far from complete. The committee is well on its way to raising the necessary capital to construct a "world class" facility for The Best Damn Band In The Land. There were some problems, of course, that occurred as the campaign developed. These and other issues will be discussed in the closing chapter.

Chapter Seven

Analysis and Conclusions

We have discussed the cost disease in detail and examined its effects on several organizations. We must now determine how performing arts organizations can cope with this phenomenon and outline some techniques to improve this situation in the future.

Analysis of Fundraising Techniques

The Ballet and OSUMB appear to be taking a Marshallian approach to fundraising, in that their advertising, programming, and overall philosophy are aimed at attracting audiences of all social classes and income levels, while the CSO appears to be taking a mostly Veblenian approach. The Marshallian approach is probably the most appropriate method for the Columbus market because, while taking a Veblenian approach would increase the income elasticity of demand for the arts, it may seriously limit the number of people who support and attend performances. The central Ohio area does have its fair share of wealthy individuals; however, they are not as numerous as in other areas of the country. Large cities such as New York, Chicago, Los Angeles, and Cleveland often have a larger number of wealthy inhabitants. It is not coincidence that these cities also have a large and generally successful performing arts industry. There is, however, a limit to the amount that even wealthy individuals are willing to contribute. In the Columbus market, that limit is probably too low to justify focusing all of the organization's efforts solely on attracting wealthy individuals who consume the goods for their "luxury" status. In contrast, the Marshallian approach will attract a greater number of audience members, each of

whom will contribute less than wealthy individuals might, but the total contributed amount will most likely be higher than it would with the Veblenian approach.

However, if we assume that Mr. Nelson is correct in his assertion that large endowments are the key to success in this industry, then perhaps a Veblenian approach would be more beneficial. To the extent that endowments typically come from extremely wealthy individuals, taking a Veblenian approach would increase the demand for the Symphony's product(s) from these individuals and in turn increase the likelihood of receiving a large endowment from them. This strategy, however, may be detrimental to the demand for tickets on the part of the lower classes. In order to justify this approach, it must be proven that the annual interest from the endowment is enough to cover any operating loss incurred and is therefore all that matters to the success of the organization. If this is true, once the organization is more successful and its financial position improves, it could afford to take on less profitable community activities.

On the other hand, to the extent that endowments typically come from large corporations, taking a Marshallian approach would be more beneficial, because it demonstrates a commitment to the community as a whole. Corporations, as members of the community, tend to support organizations that also support the community's well being. Therefore, to attract endowments from these sources, perhaps a Marshallian approach coupled with discounted tickets for certain organizations' employees (as suggested by Mr. Nelson) may prove to be a lucrative strategy.

Mr. Nelson also believes that perhaps the whole expedience of attending an arts performance (symphony performances in particular) may be unappealing to

younger audiences. In as much as older audiences typically have higher income levels than younger audiences, this premise suggests that performing arts inherently appeal to older, wealthier individuals and that the organization's fundraising approach (either Veblenian or Marshallian) may be of little consequence. He stated that, "Look around the business world today; most offices are changing to a 'business casual' dress policy. Young people don't enjoy wearing suits or other formal attire. Look around at the next Symphony performance; almost everyone is older and semi-formally dressed. This experience is not necessarily appealing to younger crowds, especially on a Friday or Saturday night after a long week of work (or a couple of drinks). It may be difficult to attract younger audiences under the current conditions."

According to Brooks, the balance between the Veblenian and Marshallian approaches is the key to survival. Each organization discussed in this project has a slightly different balance. This balance may explain, to some extent, the relative success and failures between the organizations. The Ballet and the OSUMB seem to take a similar approach, in that their main focus of energy is largely Marshallian while the Symphony seems to take a largely Veblenian approach (with some Marshallian influence). Both the Ballet and the band pursue "big" donors, but in a somewhat "backwards" manner. Those organizations feel that by taking a Marshallian approach, they can appeal to all audiences and thereby boost attendance levels. This increased exposure to the arts also allows these organizations to undertake additional community service projects. By demonstrating that the organization's intentions are honorable (and consistent with the best interests of the

community), these organizations expect to win the support of donors who may be willing (and able) to contribute large sums of capital, as well as receiving many smaller contributions in the process. This approach seems to be very successful, based on past experience, and appears to make the most sense given the conditions of the Columbus market.

The Symphony, however, appears to take a more Veblenian approach to fundraising. As Brooks suggests, individual orchestras are typically very Veblenian in their fundraising approaches. According to Mr. Nelson, however, this may not be avoidable, because the experience of attending a CSO performance naturally caters to the upper classes and is generally considered a "luxury" good.

Mr. Nelson also believes that good programming is the key to unlock the chains of the cost disease. The programming is directly related to overall experience and, therefore, has a significant impact on the organization's fundraising approach. "You have to understand your audience and chose pieces that appeal to that group while occasionally undertaking something completely different in order to attract new audiences. Of course budgeting is always important, but there are two sides to a budget (revenues and expenses) and the performance drives both. Therefore, the programming is an important aspect of the budgeting process" Mr. Nelson said. This point again stresses the need for an Artistic Director with a good business sense. Hiring quality people is a must for success in this or any industry.

Analysis of Operations

Another approach that performing arts organizations can take in their quest to improve their financial position is to employ sound operating techniques and cure the

cost disease by improving the way that they manage the organization (improving operations). So far, we have explored the possibility of curing the cost disease on the demand side, yet it may be very difficult for an organization to increase the demand for its product. In addition, generating additional revenues may take a significant amount of time. Perhaps a more practical course of action, and one which would provide almost immediate results, would be for management to take a good look at its current operating practices and determine ways to control expenses, rather than attempt to increase revenues.

As we have seen in three case studies, there are a number of ways in which cost control and revenue generation can be accomplished. This approach requires the use of good business sense and sound judgement on the part of management. Furthermore, as we have discussed, the circumstances are very different for the entertainment industry than for any other industry. And because of these special circumstances, this industry has many problems that other organizations do not experience. At the same time, arts organizations have many opportunities that other firms do not. The organization's ability to take advantage of these new opportunities and conquer its own individual obstacles will determine the degree its success. Some possible areas for improvement will be discussed in the following paragraphs.

Improving Operations

A common mistake made by many performing arts organizations is undertaking large new projects without ensuring their ability to pay for them. Organizations in this industry are often tempted by the prospect of the revenues that new projects may generate. However, if revenues fall short of projections, these

firms may find themselves in an unfavorable position. This is where the concept of “forward funding” becomes applicable. An organization must prove its ability to raise adequate funds for a particular project at least one year before the commitment to undertake the project is made. This strategy will add additional assurance to the community (and potential donors) that the organization can accomplish its goals, and will make individuals more likely to contribute to the organization.

Another common pitfall for arts organizations is having unqualified personnel in certain staff positions. The administrative staff must be experienced and quality people. According to Ms. Franano, many organizations appoint former performers to staff positions: including, marketing director, finance director, or other positions. This is common because former performers know the organization well and are usually committed to its success; however, they probably know very little about marketing, finance, accounting, or lack certain other skills that the staff positions require. The members of the administrative staff must possess certain skills as well as love the arts and believe that their job brings value to the community (not just themselves). These qualities are important because it takes a certain breed of individual to work for a non-profit organization: one who is willing to do the job, not for the money or for him or herself, but for the arts and for the community as a whole. Without these individuals, the success of an arts firm will be very limited. These individuals are very rare and difficult to find, however, which is why many arts organizations only enjoy limited success. We will discuss these issues in more detail in the following sections.

Synergy

Ms. Franano, stated that the culture and behavior of an arts organization plays a significant role in the organization's success (quality people are essential). She also stressed that the relationship and synergy between the three key individuals, the Artistic Director, the Executive Director, and the Chairman of the Board, can have a profound impact on the success of any organization, but especially on that of an arts organization. The strength of this relationship is the key to ensuring that the entire organization is on the same page and moves forward towards one common goal.

It is important to have the entire organization on the same page and working together in order to reach that common goal. If separate departments or individuals within a department are constantly pulling in opposite directions, it is impossible to meet the organization's objectives. Everyone must be on board and share a common ownership of the organization's vision for the future. To this end, management and the Board should share this vital information with every member of the organization and, if possible, allow the other members to be involved in the planning process from the beginning.

The Role of the Board of Directors

The Board of Directors is obviously vital part of an organization. It acts as the driving force behind its success. However, Ms. Franano stated that many boards do not properly fulfill their role(s), and therefore, prevent the organization from achieving its ultimate goals. According to Ms. Franano, the board's role does not include managing the day to day operations of the organization. Since, many members of the boards of trustees have careers in business, usually in management

positions, these members feel more comfortable taking on a management role organization. However, this involvement causes many problems within the organization and can seriously damage the board members' relationship and synergy with the other members of the organization: in particular the Executive Director and the Artistic Director.

Part of the board's role is to determine policy, give the organization direction, and assist the staff and other members of the organization in achieving their goals. It is the board's responsibility to define the organization's role in the community. The board must then consider the range of the current activities of the organization and decide if the organization is functioning to serve its role in the community. The board should periodically evaluate the role of the organization, in an effort to lead it in the right direction.

"Unless you know to which port to sail, no wind is a good wind.
Remember too that winds change and sails are trimmed to meet existing winds."

-Anonymous

According to Ms. Franano, one of the board's most important roles is to raise capital, either through personal donations or through solicitations. The best board members are those who give a significant (for them) amount to the organization, and are able to leverage their leadership level of support in order to generate additional contributions. The board also acts as the final arbiter in matters of conflict, which can arise between artistic and administrative thinking and personnel. In this capacity, the board can be instrumental in guiding the organization through difficult times. In so doing, the board must be willing and able to make tough decisions, and support the administration in its decisions. Perhaps the most important decision that the board

has to make is that the board is responsible for hiring the two individuals that are key to any organization's success: the Executive Director and the Artistic Director. The relationship between these individuals and the board can "make or break" an organization.

Budgeting

According to Ms. Franano, the budget is the single most important tool for improving operations. When a budget is properly constructed and used, it can be the difference between a firm that is successful and a firm that is not. The success of any individual project depends greatly on the marketing of the performance, the current state of the economy in local area, and other issues. When all of these items are factored in, the end result may be significantly different than the budgeted projections. Therefore, arts organizations need to take a certain approach in order ensure that the end result of any project is favorable, or at least tolerable.

The first step in the planning process is the budget. It is very important that the entire organization is involved in the budgeting process. Everyone must be involved, and share a common ownership of the budget. If everyone "owns" the budget, they will be more willing (and able) to stick to it and to help others meet their goals as well.

According to Ms. Franano, there is a certain process that will make the budget a more useful business tool. She refers to it as the "clean slate" method. The key to the process is to ignore past performance and begin each year with a clean slate. To start the process, firms should realistically budget their revenues for the year. When a reasonable amount is reached (usually after much negotiation), management should

then FORGET that budgeted amount of revenue and realistically budget its expenses for the year. Once a reasonable amount is reached, management can then look at the difference and make adjustments to cover the necessary amount of the difference. These adjustment are almost always made on the expense side (rather than the revenue side) simply because it is easier to control expenses than to generate revenues.

One common area where adjustments are often made is cutting some of the repertoire and/or guest artists. These areas have a significant amount of expenses associated with them and it can be beneficial to cut them, assuming that they can be cut without significantly impacting the quality of the production. However, firms must be careful when choosing this route, because these expenses often drive the revenues and cutting too much can lead to diminished demand. Cuts can also be difficult to make and require the will of the entire organization. At some point, tough decisions must be made. That is why it is important to have the entire organization involved in the budgeting process, so everyone knows where the organization stands and why cuts must be made. If everyone is on the same page, the organization can even make adjustments mid-year if necessary, to meet year-end projections. We will see the importance of the budgeting process in later sections.

Another common way to reduce expenses is to reduce personnel and administrative costs. For symphony orchestras, artistic personnel costs fixed by the labor agreement account for the bulk of the total expenses of the organization and all other expenses not protected by the labor agreement must be carefully examined constantly to ensure that these costs are minimized. Included in this category are staff

salary, health insurance costs, advertising, and other administrative costs. These expenses are generally considered necessary expenses incurred during the course of doing business. Therefore, these expenses are often overlooked as areas to minimize costs. Health insurance is often a particularly large portion of the total administrative expense that is difficult to control. Arts organizations fall into the entertainment industry bracket for insurance purposes and therefore have higher rates because of the higher occurrence of injury, HIV, and other diseases associated with this industry. Organizations in this industry often have a high experience level as well. These facts push health insurance costs upward. Controlling these expenses can prove invaluable in the struggle for financial well being.

Although most adjustments are made on the expense side of the equation, some are made on the revenue side. When the organization simply cannot cut anymore expenses without compromising the performance, it becomes necessary to raise additional revenues. One possible way to increase revenues is to look for better investments, but the most common method is to look for an increase in contributed capital. Management should first appeal to the board to contribute more. When the board has given enough to prove that it believes in the organization, its members can then go out into the community and ask others to give. This function is where the role of the board becomes paramount to the organization's success.

Getting Started

The Ohio State University Marching Band has provided us with an example of an organization that is new to fundraising. Much can be learned from the successes

and failures that the band experienced during its first (and, to date, only) fundraising campaign.

The overall campaign to date has been a success and it is highly likely that the committee will achieve its goals in the time allotted. There were, however, some problems associated with the general setup of the campaign committee's structure and its role in the campaign itself. The single most important problem with the structure was that the committee seemed to have very little power to accomplish any of the goals it established. No one, who assisted with the project on the University side, seemed to acknowledge the committee as a valid authority. This led to several instances when vital and relevant information about the status of the campaign was withheld from the committee. It is impossible for a committee, group, or individual to run any kind of campaign without all of the information. As mentioned in the case study in the previous chapter, all donations were processed through the University, not through the committee. Therefore, the committee had very little information about the status of certain potential donors, the amount of capital pledged or collected to date, and numerous types of other necessary information. Because it was not informed, the committee was unable to effectively evaluate which techniques had produced reasonable results and which had failed. This lack of communication forced the committee to take a "stab in the dark" approach at certain marketing techniques.

The overall structure of the campaign itself and the people involved also seemed to place too much emphasis on a small number of individuals. In particular, it seemed as though the Development Officer for the College of the Arts was overly

involved. The awkward structure of the initiative created concerns among the committee members and could have (potentially) led to more serious problems. The Ballet case established that a clear sense of mission is an essential part of any organization's success. These concerns and doubts about the direction of the campaign undermined the mission of the committee.

Another issue stemming from the structure of the campaign was that questions could have been raised as to whether Ms. Ferguson was truly committed to the band's cause. In her capacity as the Development Officer for the College of the Arts, she may have been tempted to solicit potential contributions for other causes within the College of the Arts and not the Stadium Bandroom. Her position at the College of the Arts may also have motivated her to withhold information from the fundraising committee. Despite the fact that the committee was made up current and past marching band directors, staff, students, and alumni, it had no real authority and therefore had to appeal to Ms. Ferguson or the University before taking any action. This campaign was also most likely the largest and most prestigious project that Ms. Ferguson had ever been a part of as the Development Officer for the College of the Arts. Therefore, she could have been interested in taking on a large piece of the project and labeling it as "her campaign" in order to reflect more positively on her achievements during her tenure at the University. This conflict of interest between Ms. Ferguson and the committee resulted in some tension within the committee. This tension also could have proved detrimental to the success of the campaign. These questions were never raised nor did the author notice any evidence to support these concerns. However, the shadow of doubt added to the committee's uncertainty about

the future of the campaign. The structure of the campaign simply raised too many issues, which may have prevented the campaign from reaching its full potential for success.

Cooperation and communication are two areas that could have been improved during the Campaign for the Stadium Bandroom. Problems occurred as a result of the general lack of fundraising experience within the committee. These are the types of issues that first-time fundraisers have to work through. In time, organizations can learn from these situations and improve upon them in the future.

Generalization and Limitation

The underlying issue in this project is the ongoing quest for additional revenues, while minimizing expenses. While most apparent in the performing arts industry, the cost disease does exist, at least at some level, in every organization. The reason that the cost disease is such a significant problem for the performing arts industry is that organizations in this industry cannot make adjustments to counter the effects of the cost disease that other organizations can. For other industries, the effects of the cost disease can be offset by increased productivity, raising the price of their product, or other improvements in operations. These options are usually unavailable to performing arts organizations in the delivery of "live" performances. Still the three case studies presented here show that these organizations have a wide range of tools available to control the cost disease.

The case study method limits our ability to generalize to other arts organizations. The situations presented in the three case studies are only representative of the environment in Columbus, Ohio. However, even though this

study is limited to performing arts organizations in the Columbus market, it is probable that other organizations are experiencing similar problems and have access to similar tools to control them. Another important limitation on this study is that it is restricted to "live performances." Electronic reproduction and the opportunities it offers to performing arts organizations were not covered in the case studies, nor were they examined as tools to control the cost disease.

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APPENDICIES

Appendix A: Baumol's Audience Data

FIGURE IV-3

EDUCATIONAL ATTAINMENT OF THE U. S. PERFORMING ARTS AUDIENCE AND OF THE TOTAL URBAN POPULATION

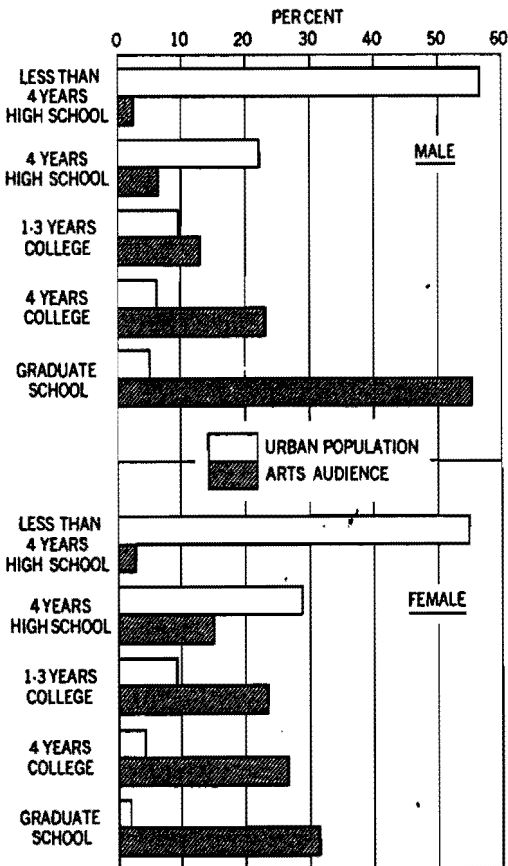


FIGURE IV-4

INCOME DISTRIBUTION OF THE U. S. PERFORMING ARTS AUDIENCE AND OF THE TOTAL URBAN POPULATION

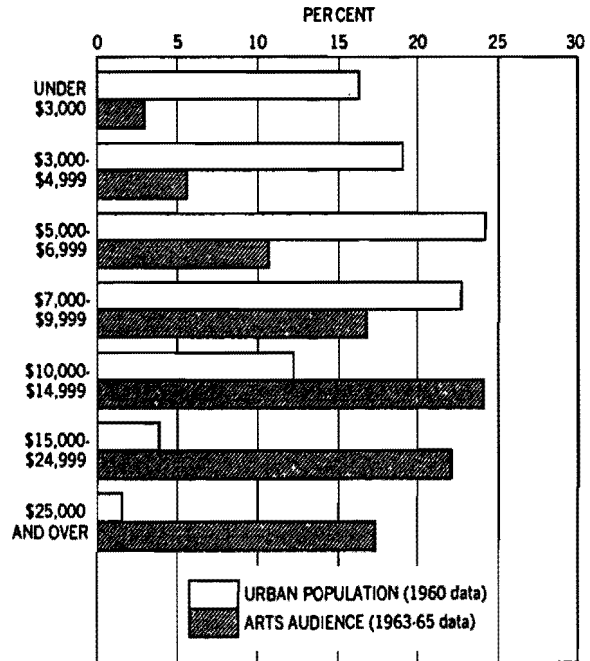


TABLE IV-3

Average Estimated Attendance, by Art Form

	Average Estimated Attendance ^a	Average Number of Times Attended in Last 12 Months ^b	Number of Individuals Attending (col. 1 + col. 2)
	(1)	(2)	(3)
Broadway	7,000,000	4.5	1,555,556
Off-Broadway	900,000	6.5	138,462
Regional Theaters	1,500,000	4.5	333,333
Major Orchestras	6,600,000	4.8	1,375,000
Opera	1,700,000	2.6	653,846
Dance	750,000	2.3	326,087

^a Taken from Table III-1.

^b An average weighted inversely by frequency of attendance to correct for over-representation of frequent attenders in our sample (if individual A attends twice as often as B, he is twice as likely as B to be included in our sample). Specifically, let i represent any one of our frequency of attendance categories (once, 2-5, 6-10, over 10), let f_i be the average frequency of attendance for the given art form and category, and let N_i be the number of individuals in the category. Then our weighted average figure in column 2 is obtained from the expression $\sum f_i (N_i/f_i) / \sum (N_i/f_i)$ or, more simply, $\sum N_i / \sum (N_i/f_i)$.

TABLE IV-1

Profile of the U. S. Performing Arts Audience, Compared with the Total Urban Population

	Performing Arts Audience*	Urban Population* (1960)
SEX		
Male	52.8%	48.4%
AGE		
Under 20	6.9%	37.1%
Over 80	9.0	13.1
Median Age	38 yrs.	30.3 yrs.
OCCUPATIONAL CATEGORY		
Males:		
Employed Persons: [†]		
Professional	63.0%	12.7%
Teachers	10.3	1.1
Managerial	21.4	12.6
Clerical and Sales	13.0	17.2
Blue Collar	2.8	57.5
Students [‡]	13.9	
Females:		
Employed Persons: [†]		
Professional	63.2%	14.0%
Teachers	25.4	5.6
Managerial	7.2	3.9
Clerical	24.9	34.3
Sales	2.8	8.5
Blue Collar	1.9	39.3
Students [‡]	15.1	
Housewives [§]	35.2	
EDUCATION		
Males (age 25 and over):		
Grade School and Less Than		
4 Yrs. High School	2.2%	56.6%
4 Yrs. High School	6.5	22.1
1-3 Yrs. College	12.8	9.8
4 Yrs. College	23.1	6.2
Graduate School	55.4	5.3
Median Category	Grad. work	2 yrs. h.s.
Females (age 25 and over):		
Grade School and Less Than		
4 Yrs. High School	2.8%	55.1%
4 Yrs. High School	15.3	28.9
1-3 Yrs. College	23.6	9.5
4 Yrs. College	26.7	4.5
Graduate School	31.6	2.0
Median Category	4 yrs. college	3 yrs. h.s.
INCOME		
Over \$5,000	91.3%	64.8%
Over \$15,000	39.5	5.4
Over \$25,000	17.4	1.5
Median Income	\$12,804	\$8,166
FREQUENCY OF ATTENDANCE		
Average Number of Performances Attended in Last 12 Months:	Number	
Theater	8.4	
Symphony	5.1	
Opera	1.7	
Dance	1.2	
Other Serious Music	2.2	

* Based on Twentieth Century Fund audience survey; 24,425 respondents. The figures given here are weighted averages of the results for individual art forms. The weights are based on estimated attendance in 1963-64 and are as follows (on a 100 point scale): Broadway = 38, off-Broadway = 5, regional repertory theater = 9, major orchestras = 38, opera = 6, dance = 4. See Appendix Tables IV-A and IV-J for the derivation of these weights and a comparison of this profile with the profile which uses numbers of questionnaires completed as implicit weights.

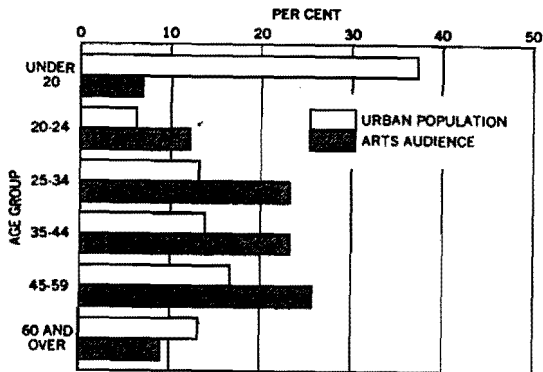
† Data from U. S. Census of Population, 1960: Detailed Characteristics, U. S. Summary, Tables 155, 173, 185, 194, 203, 224. A composite profile could have been built for just those cities where we conducted surveys, but some experimentation indicated that this refinement would have made little difference.

‡ The number of employed persons is the base for the following percentages. The percentage of teachers is a component of the "Professional" category.

§ The base for these percentages is the total number of respondents.

FIGURE IV-1

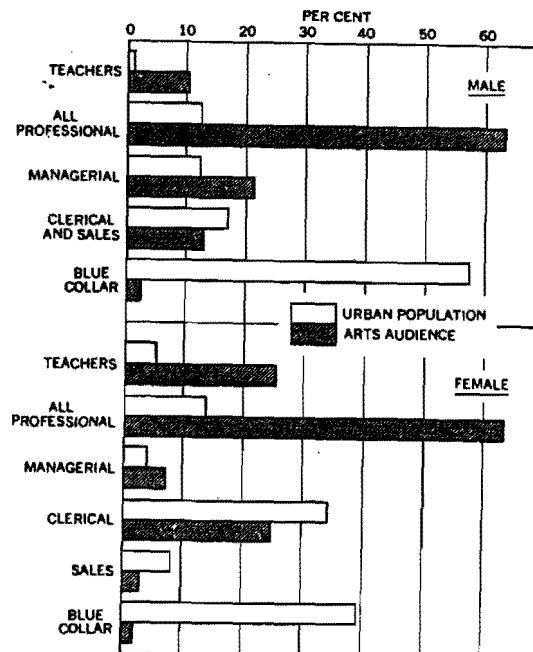
AGE DISTRIBUTION OF THE U. S. PERFORMING ARTS AUDIENCE AND OF THE TOTAL URBAN POPULATION



See Table IV-1 for the data on which this graph and others in this chapter are based.

FIGURE IV-2

OCCUPATIONAL DISTRIBUTION OF THE U. S. PERFORMING ARTS AUDIENCE AND OF THE TOTAL URBAN POPULATION



Appendix B: Ballet Met Financial Statements

BALLET METROPOLITAN, INC.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED JUNE 30, 1999 (WITH COMPARATIVE TOTALS FOR JUNE 30, 1998)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				1999	1998
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 378,063	\$ 42,294	-	\$ 420,357	\$ 524,798
Restricted and board designated assets (primarily cash and cash equivalents):					
Board designated for future Nutcracker	182,733	-	-	182,733	144,233
Designated for capital purposes	-	97,121	-	97,121	121,483
Accounts receivable	69,109	-	-	69,109	59,040
Grants and pledges receivable	125,804	304,616	-	430,420	402,696
Prepaid expenses and other	144,193	1,166	-	145,359	154,095
Total Current Assets	899,902	445,197	-	1,345,099	1,406,345
NON-CURRENT ASSETS:					
Pledges receivable	-	310,619	\$ 3,050	313,669	478,526
Property and equipment:					
Leasehold improvements	1,083,211	-	-	1,083,211	1,054,257
Equipment	781,390	-	-	781,390	698,672
Scenery and costumes	946,220	-	-	946,220	847,511
Total property and equipment	2,810,821	-	-	2,810,821	2,600,440
Accumulated depreciation and amortization	(1,647,925)	-	-	(1,647,925)	(1,380,551)
Property and equipment, net	1,162,896	-	-	1,162,896	1,219,889
Restricted and board designated assets (primarily cash and cash equivalents):					
NAS cash reserve	-	739,228	-	739,228	492,819
Endowment	-	-	57,390	57,390	54,415
Total restricted and board designated assets	-	739,228	57,390	796,618	547,234
Total non-current assets	1,162,896	1,049,847	60,440	2,273,183	2,245,649
Total Assets	\$ 2,062,798	\$ 1,495,044	\$ 60,440	\$ 3,618,282	\$ 3,651,994

See notes to financial statements.

LIABILITIES AND NET ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				1999	1998
CURRENT LIABILITIES:					
Accounts payable	\$ 82,501	-	-	\$ 82,501	\$ 120,646
Accrued expenses	57,307	-	-	57,307	53,995
Advance ticket sales	265,566	-	-	265,566	250,967
Advance academy tuition and other	299,142	-	-	299,142	262,740
Current portion of long-term debt	3,476	-	-	3,476	2,806
Total current liabilities	<u>707,992</u>	<u>-</u>	<u>-</u>	<u>707,992</u>	<u>691,154</u>
LONG-TERM LIABILITIES:					
Deferred rent	144,838	-	-	144,838	150,171
Long-term debt	27,220	-	-	27,220	94,980
Total long-term liabilities	<u>172,058</u>	<u>-</u>	<u>-</u>	<u>172,058</u>	<u>245,151</u>
Total liabilities	<u>880,050</u>	<u>-</u>	<u>-</u>	<u>880,050</u>	<u>936,305</u>
NET ASSETS:	<u>1,182,748</u>	<u>\$ 1,495,044</u>	<u>\$ 60,440</u>	<u>2,738,232</u>	<u>2,715,689</u>
Total Liabilities and Net Assets	<u>\$ 2,062,798</u>	<u>\$ 1,495,044</u>	<u>\$ 60,440</u>	<u>\$ 3,618,282</u>	<u>\$ 3,651,994</u>

BALLET METROPOLITAN, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999
(WITH COMPARATIVE TOTALS FOR 1998)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				1999	1998
Program Operations Revenue:					
Ticket sales	\$ 1,558,725	-	-	\$ 1,558,725	\$ 1,548,885
Dance academy and educational programs	664,431	-	-	664,431	685,964
Touring	207,000	-	-	207,000	55,000
Scenic shop contracted services	115,266	-	-	115,266	24,894
Playbill advertising	46,360	-	-	46,360	44,757
Investment income	53,741	-	-	53,741	41,842
Other income	49,525	-	-	49,525	125,827
	<u>2,695,048</u>	<u>-</u>	<u>-</u>	<u>2,695,048</u>	<u>2,527,169</u>
Contributed income and services:					
Corporations	372,794	\$ 142,101	-	514,895	1,042,880
Individuals	361,160	50,254	\$ 6,025	417,439	542,248
Government - Federal	20,000	-	-	20,000	-
Government - State	120,316	-	-	120,316	117,826
Government - City	74,596	74,596	-	149,192	205,443
Foundations	117,050	303,909	-	420,959	470,452
Benefit functions	255,900	-	-	255,900	326,340
Donated services	139,612	-	-	139,612	123,018
	<u>1,461,428</u>	<u>570,860</u>	<u>6,025</u>	<u>2,038,313</u>	<u>2,828,207</u>
Total Program Revenues and Contributions	4,156,476	570,860	6,025	4,733,361	5,355,376
Net Assets Released from Time Restrictions					
Corporate contributions	141,000	(141,000)	-	-	-
Individual contributions	2,850	(2,850)	-	-	-
Government contributions	117,721	(117,721)	-	-	-
Total Net Assets Released from Time Restrictions	<u>261,571</u>	<u>(261,571)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Released from Purpose Restrictions	153,190	(153,190)	-	-	-
Total Program Operations Revenues	4,571,237	156,099	6,025	4,733,361	5,355,376
Program Operations Expenses:					
Production	2,366,715	-	-	2,366,715	2,258,655
Marketing	492,606	-	-	492,606	359,688
Dance academy and educational programs	843,079	-	-	843,079	794,489
Fund raising	188,461	-	-	188,461	235,024
Benefit functions	78,197	-	-	78,197	111,455
General and administrative	328,580	-	-	328,580	279,373
Donated services	139,612	-	-	139,612	123,018
	<u>4,437,250</u>	<u>-</u>	<u>-</u>	<u>4,437,250</u>	<u>4,161,702</u>
Change in net assets from program operations	\$ 133,987	\$ 156,099	\$ 6,025	\$ 296,111	\$ 1,193,674

See notes to financial statements.

BALLET METROPOLITAN, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1999
(WITH COMPARATIVE TOTALS FOR 1998)
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				1999	1998
Change in net assets from program operations	\$ 133,987	\$ 156,099	\$ 6,025	\$ 296,111	\$ 1,193,674
Facilities Operations:					
Revenues:					
Net assets released from restrictions - capital contributions	141,853	(141,853)	-	-	-
Expenses:					
Depreciation	267,712	-	-	267,712	255,988
Interest	5,856	-	-	5,856	4,966
	273,568	-	-	273,568	260,954
Change in net assets from facilities operations	(131,715)	(141,853)	-	(273,568)	(260,954)
Change in Net Assets	\$ 2,272	\$ 14,246	\$ 6,025	\$ 22,543	\$ 932,720

See notes to financial statements.

BALLET METROPOLITAN, INC.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance - June 30, 1997	\$ 1,045,219	\$ 690,828	\$ 46,922	\$ 1,782,969
Increase in net assets	<u>135,257</u>	<u>789,970</u>	<u>7,493</u>	<u>932,720</u>
Balance - June 30, 1998	1,180,476	1,480,798	54,415	2,715,689
Increase in net assets	<u>2,272</u>	<u>14,246</u>	<u>6,025</u>	<u>22,543</u>
Balance - June 30, 1999	<u>\$ 1,182,748</u>	<u>\$ 1,495,044</u>	<u>\$ 60,440</u>	<u>\$ 2,738,232</u>

See notes to financial statements.

BALLET METROPOLITAN, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 22,543	\$ 932,720
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	267,712	255,988
Pledges restricted for long term investment	18,337	(58,976)
Changes in assets and liabilities:		
Accounts receivable	(10,069)	(88,549)
Prepaid expenses and other assets	8,736	(4,691)
Pledges receivable	137,133	(315,734)
Accounts payable	(38,146)	(45,200)
Accrued expenses	3,312	20,159
Advance ticket sales	14,599	(40,189)
Advance academy tuition and other	31,069	(6,435)
Net Cash Provided By Operating Activities	<u>455,226</u>	<u>649,093</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(210,719)</u>	<u>(373,571)</u>
Cash Flows From Financing Activities:		
Proceeds from long-term debt	-	100,000
Principal payments on long-term debt	(67,090)	(2,214)
Contributions designated for capital purposes	(24,362)	51,483
Proceeds from investment in endowment	6,025	7,493
Net Cash Provided By (Used In) Financing Activities	<u>(85,427)</u>	<u>156,762</u>
Net Increase In Cash and Cash Equivalents	159,080	432,284
Cash and Cash Equivalents - Beginning of Year	<u>1,321,937</u>	<u>889,653</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,481,017</u>	<u>\$ 1,321,937</u>
Supplemental data:		
Interest paid	<u>\$ 5,856</u>	<u>\$ 4,966</u>

See notes to financial statements.

BALLETMET

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NOTE 1 - ORGANIZATION

Ballet Metropolitan, Inc. (BalletMet) was incorporated in 1974 as an Ohio not-for-profit corporation formed for the purpose of providing educational and cultural opportunities in the field of dance in central Ohio. BalletMet is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by BalletMet are as described below:

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets - As required by Statement of Financial Accounting Standards No. 117 (SFAS No. 117), resources are classified into three net asset categories according to donor-imposed restrictions. A description of these categories follows:

Unrestricted - Net assets that are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by BalletMet is limited by the donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of BalletMet.

Permanently Restricted - Net assets whose use by BalletMet is permanently limited by donor-imposed stipulations.

Cash and Cash Equivalents - BalletMet maintains cash in two financial institutions which exceed federally insured amounts at times. For purposes of the statement of cash flows, BalletMet considers all highly liquid investments with purchased maturities of three months or less to be cash equivalents.

Grants and Pledges Receivable - BalletMet has recorded unconditional promises to give which are to be received. All pledges recorded by BalletMet are deemed collectible, so no allowance for doubtful accounts has been recorded.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional grants are recorded when related conditions are met.

BALLETMET

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment - Leasehold improvements and equipment purchases are recorded at cost. Depreciation and amortization are computed on a straight-line basis over their estimated useful lives (5 to 20 years) or the appropriate lease term, whichever is less. BalletMet's policy is to capitalize significant costs of costumes and scenery for full length ballets. These costs are depreciated over the expected number of performances.

Donations - Donated property is valued at fair market value at the date of receipt. Contributions are recognized for services that require specialized skills (i.e., provided by individuals possessing those skills, and representing services which would typically need to be purchased if not provided by the donation) and are recorded as both revenue and expense at their estimated market value. Recognized contributions of services were primarily for legal, accounting, and advertising costs.

Certain amounts in the financial statements for the year ended June 30, 1998 have been reclassified to conform to the current year presentation.

NOTE 3 - RESTRICTED CASH

In fiscal year 1997 BalletMet received a grant from the National Arts Stabilization (NAS) for \$1,000,000. The grant period is from April 1, 1997 through June 30, 2000. The grant consists of two parts. The first is a restricted working capital reserve of \$985,637 which is to be paid in four installments: \$246,410 during the fiscal year ended June 30, 1997 and \$246,409 to be paid during the fiscal years 1998, 1999, and 2000. The second is a payment for one-half of the current negative liquidity (as defined in the grant agreement) existing at the close of the fiscal year ended June 30, 1996. At June 30, 1999, BalletMet had received approximately \$739,000 of the grant payments. Payment of each installment subsequent to June 30, 1998 is contingent upon fulfillment of all terms and conditions of the grant agreement.

In fiscal year 1992 BalletMet received a cash contribution for a new Nutcracker production, which was first presented in December 1992. In accordance with the agreement with the donor, BalletMet must establish, over the estimated useful life of the scenery and costumes (June 30, 2002) a cash reserve. BalletMet transferred \$38,500 and \$53,000 to the reserve during fiscal years 1999 and 1998, respectively. In May 1999, a revised agreement was executed, that requires BalletMet to make one additional payment of \$38,500 by June 30, 2000 to fulfill its obligation to the donor. At June 30, 1999 the reserve is approximately \$182,000.

BALLETMET

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1999 AND 1998

NOTE 4 - GRANTS AND PLEDGES RECEIVABLE

Unconditional grants and pledges receivable at June 30, 1999 and 1998 consist of the following:

	<u>1999</u>	<u>1998</u>
Ohio Arts Council - unrestricted	\$ 61,604	\$ 58,911
Greater Columbus Arts Council - unrestricted	37,298	67,722
Greater Columbus Arts Council - temporarily restricted	74,596	117,722
Individual and corporate - temporarily restricted	563,258	633,848
Individual and corporate - unrestricted	26,901	31,943
Individual - permanently restricted	<u>3,050</u>	<u>-</u>
Unconditional promises to give before unamortized discount	766,707	910,146
Less: Unamortized discount	<u>(22,618)</u>	<u>(28,924)</u>
Net grants and pledges receivable	<u>\$ 744,089</u>	<u>\$ 881,222</u>
Amount due in:		
Less than one year	\$ 430,420	\$ 402,696
One to five years	<u>336,287</u>	<u>507,450</u>
Total	<u>\$ 766,707</u>	<u>\$ 910,146</u>

NOTE 5 - DEBT

BalletMet has available through October 31, 1999 a revolving note bearing interest at 1.25% above prime prior to maturity. At maturity of the note any unpaid principal will bear interest at 1.5% above prime. The note permits borrowings up to \$350,000. During fiscal year 1999 and 1998 there were no borrowings on the note. The note is collateralized by certain deposit accounts held by BalletMet.

In 1998 BalletMet entered into a term loan with the City of Columbus for \$100,000. The term loan is payable in monthly installments of \$716 through September 1, 2017. The term loan bears interest at a rate of 6% per year. However, BalletMet has accelerated its repayments, and in August 1999, BalletMet paid off the remaining June 30, 1999 balance in full.

BALLETMET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NOTE 6 - NET ASSETS

As of June 30, temporarily restricted net assets are available for the following purposes:

	1999	1998
Capital expenditures	\$ 97,121	\$ 121,483
Future year operations	319,543	261,572
NAS reserve	739,228	492,819
20th anniversary campaign	339,152	604,924
	<u>\$ 1,495,044</u>	<u>\$ 1,480,798</u>

Net assets were released during fiscal year 1999 from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by donors as follows:

20th Anniversary Capital Campaign	\$ 295,043
1998-1999 General Operating Support	<u>261,571</u>
	<u>\$ 556,614</u>

NOTE 7 - LEASES

BalletMet leases The Dance Center, which is used for student instruction, administrative purposes and rehearsal facilities. This operating lease expires in 2005, but contains three 5-year renewal options at the then current market rental rate. Although the lease contains escalating rental payments throughout the lease, for financial reporting purposes the rent expense is recognized on a straight-line basis.

In addition, BalletMet leases a warehouse under an operating lease expiring in 2004.

BALLETMET
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1999 AND 1998

NOTE 7 - LEASES (Continued)

Future minimum lease payments under the above mentioned operating leases, as of June 30, 1999, are as follows:

2000	\$ 176,000
2001	183,000
2002	192,000
2003	199,000
2004	199,000
2005 and thereafter	<u>97,000</u>
	<u>\$ 1,046,000</u>

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

BALLET METROPOLITAN, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 1999

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998)

	Production	Marketing	Dance Academy	General and Administrative	Fund Raising	Benefit Functions	Total	
							Year Ended June 30, 1999	Year Ended June 30, 1998
Salaries and professional fees	\$ 1,126,766	\$ 160,835	\$ 442,406	\$ 227,153	\$ 147,197	-	\$ 2,104,357	\$ 2,022,214
Utilities and rental	143,246	-	107,186	23,819	-	-	274,251	271,411
Fringe benefits	184,887	20,317	67,190	36,773	23,934	-	333,101	301,084
Advertising	2,210	226,080	23,055	-	2,689	-	254,034	287,151
Touring and travel	86,405	-	7,791	4,506	-	-	98,702	70,653
Production and supplies	740,414	-	127,431	-	-	-	867,845	701,338
Maintenance and repairs	23,841	-	24,351	5,956	-	-	54,148	65,229
Special events/benefits	-	-	-	-	-	\$ 78,197	78,197	111,455
Mailing and copying	22,218	15,617	7,779	1,940	6,608	-	54,162	44,898
Accounting, legal and bookkeeping	11,106	-	11,106	14,423	-	-	36,635	26,117
Other	25,622	69,757	24,784	14,010	8,033	-	142,206	137,134
Subtotal	2,366,715	492,606	843,079	328,580	188,461	78,197	4,297,638	4,038,684
Donated services	17,136	101,161	-	13,315	8,000	-	139,612	123,018
Total expenses	<u>\$ 2,383,851</u>	<u>\$ 593,767</u>	<u>\$ 843,079</u>	<u>\$ 341,895</u>	<u>\$ 196,461</u>	<u>\$ 78,197</u>	<u>\$ 4,437,250</u>	<u>\$ 4,161,702</u>

Appendix C: Ballet Met, Sample Budget Analysis

SUMMARY BUDGET 1998-99
9/10/98

INCOME	1998-99 APPROVED BUDGET	1998-99 YEAR-TO-DATE ACTUAL	1998-99 REVISED FORECAST
EARNED INCOME			
TICKET SALES	1,662,000	23,292	1,613,323
ACADEMY & EDUCATION	893,500	532,665	882,419
TOURING	166,000	0	201,000
SCENIC SHOP CONTRACTED SERVICES	10,000	22,812	85,000
OTHER	119,800	40,805	124,800
TOTAL EARNED INCOME	2,851,300	619,574	2,906,542
CONTRIBUTED INCOME & SERVICES			
CORPORATIONS	640,000	89,350	640,000
INDIVIDUALS	390,000	29,005	375,000
GOVERNMENT	232,500	0	262,500
FOUNDATIONS	110,000	0	110,000
REVENUE FROM BENEFIT FUNCTIONS	260,000	51,805	240,000
DONATED SERVICES	150,000	0	150,000
TOTAL CONTRIBUTED INCOME	1,782,500	170,160	1,777,500
TEMPORARILY RESTRICTED NET ASSETS RELEASED BY SATISFACTION OF RESTRICTIONS			
CORPORATIONS			
INDIVIDUALS			
GOVERNMENT	62,500	0	62,500
FOUNDATIONS			
TOTAL TEMPORARILY RESTRICTED	62,500	0	62,500
TOTAL INCOME	4,696,300	789,734	4,746,542
EXPENSE			
ARTISTIC	2,227,743	444,901	2,437,506
ACADEMY/EDUCATION	1,031,117	228,829	1,026,147
MARKETING	622,496	102,610	608,668
DEVELOPMENT	324,762	35,415	309,862
ADMINISTRATIVE	322,731	58,912	323,446
TOTAL EXPENSES	4,528,849	870,667	4,705,629
NET INCOME	167,451	(80,933)	40,913
FACILITIES OPERATIONS:			
REVENUE			
NET ASSETS RELEASED - CAPITAL CONTRIBUTIONS	87,000		87,000
OTHER			
TOTAL FACILITIES REVENUE	87,000	0	87,000
EXPENSES:			
DEPRECIATION	250,000		250,000
OTHER			
TOTAL FACILITIES EXPENSE	250,000	0	250,000
NET FACILITIES OPERATIONS	(163,000)	0	(163,000)
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSE	4,451	(80,933)	(122,087)

BALLETMET
1998-99 OPERATING BUDGET
10-Sep-98

DESCRIPTION	1998-99 APPROVED BUDGET	1998-99 YEAR-TO-DATE ACTUAL	1998-99 REVISED FORECAST
EARNED:			
REPERTORY TICKET INCOME:			
SUBSCRIPTION TICKET SALES	315,000		285,000 1) 270,000
SINGLE TICKET SALES:			
REP #1 SWAN LAKE	160,000		160,000
REP #2 REQUIEM	18,000		18,000
REP #3 RIFFE MIXED REP	30,000		30,000
REP #4 BEAUTY & BEAST	145,000		145,000
REP #5 SUMMER DANCE	42,000	23,140	23,323 2)
NUTCRACKER	935,000		935,000
HANDLING FEES	17,000	152	17,000
SUBTOTAL	1,662,000	23,292	1,613,323
OTHER:			
PLAYBILL	60,000	32,505	60,000 -15,000
BALLETMET SETTERS	1,000		1,000
NUTCRACKER MARKETING INC.	5,000		5,000
SUBTOTAL	66,000	32,505	66,000
TOTAL HOME SEASON	1,728,000	55,797	1,679,323
PRESENTATIONS	1,000		1,000
TOURING	166,000		201,000 3)
TOTAL	1,895,000	55,797	1,881,323
ACADEMY/EDUCATION:			
TUITION-MT. VERNON AVENUE	525,500	402,058	520,019
REGISTRATIONS	20,000	12,220	20,000
SCHOLARSHIPS	143,000	32,685	143,000
ACADEMY PERFORMANCE	12,000		12,000
PARENTS' GROUP	30,000	1,004	30,000
HOUSING	76,000	84,400	84,400
SUBTOTAL	806,500	532,367	809,419
EDUCATIONAL PROGRAMS:			
MORNING AT THE BALLET	77,000		63,000 4)
AIIS/EDUCATIONAL PROGRAMS	10,000	300	10,000
SUBTOTAL	87,000	300	73,000
TOTAL ACADEMY/EDUCATION	893,500	532,667	882,419
OTHER:			
PRODUCTION INCOME	10,000	22,812	85,000 5) 75,000
INTEREST INCOME	50,000	7,498	55,000

LEMET
1998-99 OPERATING BUDGET
10-Sep-98

DESCRIPTION	1998-99 APPROVED BUDGET	1998-99 YEAR-TO-DATE ACTUAL	1998-99 REVISED FORECAST
MISCELLANEOUS INCOME	1,200	802	1,200
VENDING MACHINES	1,600		1,600
GIFT SHOP	0		0
TOTAL	62,800	31,112	142,800
TOTAL EARNED INCOME	2,851,200	619,576	2,906,542
CONTRIBUTED INCOME			
ANNUAL CAMPAIGN:			
CORPORATIONS	340,000	24,350	340,000
BOARD OF TRUSTEES	150,000	9,635	135,000 6)
FOUNDATIONS	25,000		25,000
INDIVIDUALS	150,000	13,115	150,000
SUBTOTAL	665,000	47,100	650,000
SPECIAL/MAJOR GIFTS:			
CORPORATIONS	130,000	50,000	130,000 155,000
FOUNDATIONS	85,000		85,000 90,000
BOARD	0		0
INDIVIDUALS	40,000		40,000
SUBTOTAL	255,000	50,000	255,000
20th ANNIVERSARY:			
CORPORATIONS	170,000	15,000	170,000 180,000
FOUNDATIONS	0		0
BOARD	25,000	500	25,000
INDIVIDUALS	25,000	5,755	25,000
SUBTOTAL	220,000	21,255	220,000
GOVERNMENT GRANTS:			
OAC	120,000		120,000
GCAC	125,000		135,000
GCAC SPECIAL	50,000		50,000
NEA	0		20,000 7)
SUBTOTAL	295,000	0	325,000
BENEFITS/SPECIAL EVENTS:			
GALA (WINDOWS ON THE WORLD)	30,000		0 8)
INTERNATIONAL NIGHT	25,000		30,000
FRIENDS OF THE BALLET	5,000	105	5,000
HALL OF NAMES	0		0
NUTCRACKER BALL	200,000	51,700	205,000
MARDI GRAS	0		0
SUBTOTAL	260,000	51,805	240,000

ALLETTMET
1998-99 OPERATING BUDGET
 10-Sep-98

DESCRIPTION	1998-99 APPROVED BUDGET	1998-99 YEAR-TO-DATE ACTUAL	1998-99 REVISED FORECAST
IN-KIND DONATIONS	150,000	0	150,000
TOTAL CONTRIBUTED INCOME	1,245,000	170,160	1,240,000
TOTAL INCOME	4,696,300	789,736	4,746,542
EXPENSES			
ARTISTIC:			
PERSONNEL	1,045,882	203,988	1,045,882
REPERTORY SEASON	479,040	85,156	495,165 9)
NUTCRACKER	289,766	465	289,766
TOUR	147,700	8,976	177,700 10)
GALA/SPECIAL REP	60,000	48,809	63,200
SHOES/WAREHOUSE LEASE/MISC.	86,932	23,672	86,932
PRODUCTION RENTAL EXPENSE	5,000	29,334	55,000 11)
FACILITY	127,233	19,615	126,858
OFFICE OPERATIONS	31,800	7,072	31,800
TRAVEL/PERSONNEL	10,000	7,723	10,835
ACCOUNTING/LEGAL	16,390	10,091	16,368
IN-KIND DONATIONS	38,000		38,000
TOTAL ARTISTIC EXPENSES	2,337,743	444,901	2,437,506
ACADEMY/EDUCATION:			
ALL PERSONNEL	542,828	77,565	561,377 12)
ACADEMY PRODUCTION	10,250	0	10,250
MARKETING	26,000	9,697	26,000
SUMMER WORKSHOP	86,150	66,151	73,382 13)
FACILITY	127,233	20,159	126,858
OFFICE OPERATIONS	31,800	7,521	31,800
TRAVEL/PERSONNEL	4,040	2,248	4,040
ACCOUNTING/LEGAL	16,390	10,091	16,368
OTHER	13,100	2,094	13,100
SCHOLARSHIPS	143,000	32,685	132,647
EDUCATIONAL PRODUCTION	26,326	100	26,326
EDUCATIONAL MARKETING	4,000	518	4,000
TOTAL ACADEMY/EDUCATION	1,031,117	228,829	1,026,148
MARKETING:			
PERSONNEL	216,996	32,043	194,938 14)
SUBSCRIPTION CAMPAIGN	49,400	40,778	55,617
REPERTORY SEASON	107,000	15,411	109,013
NUTCRACKER	57,800	9	57,800
PLAYBILL/POSTERS/MISC.	101,300	6,687	101,300
GALA/OUTSIDE FEES	15,000	7,681	15,000
IN-KIND DONATIONS	75,000		75,000
TOTAL MARKETING EXPENSES	622,496	102,609	608,668

ALLETMET

1998-99 OPERATING BUDGET

10-Sep-98

DESCRIPTION	1998-99 APPROVED BUDGET	1998-99 YEAR-TO-DATE ACTUAL	1998-99 REVISED FORECAST
DEVELOPMENT:			
PERSONNEL	178,962	29,715	179,062
MARKETING	19,500	2,343	19,500
CULTIVATION	8,700	1,518	8,700
OTHER/TRAVEL	3,600	583	3,600
BENEFITS/SPECIAL EVENTS	97,000	1,255	82,000 15)
20TH ANNIVERSARY CAMPAIGN	0		0
IN-KIND DONATIONS	17,000		17,000
TOTAL DEVELOPMENT EXPENSES	324,762	35,414	309,862
ADMINISTRATION:			
PERSONNEL	235,566	41,448	235,566
FACILITY	28,385	5,024	28,305
OFFICE OPERATIONS	9,575	1,809	9,575
TRAVEL/PERSONNEL	4,300	1,141	5,100
ACCOUNTING/LEGAL	13,705	4,007	13,700
OTHER	11,200	5,482	11,200
IN-KIND DONATIONS	20,000		20,000
TOTAL ADMINISTRATION EXPENSES	322,731	58,911	323,446
TOTAL EXPENSES	4,638,849	870,864	4,705,630
SUBTOTAL			
EXCESS OPERATING REVENUE	57,451	(80,928)	40,912 ()
OVER EXPENSES			

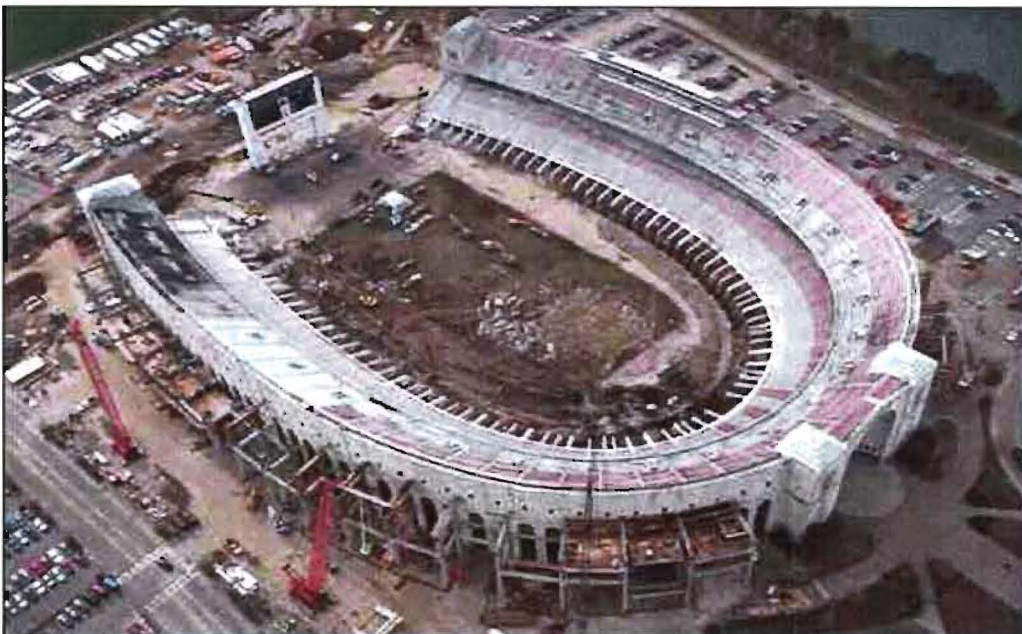
FINANCE REPORT
Period ending - August 31, 1998

1. Subscription ticket income is forecasted at \$30,000 under budget because of the rate of renewal was much less than anticipated. Also the telemarketing firm did not come near meeting its expectations. Due to compliance with Financial Accounting Standard #116, subscription and ticket revenue is not reported until earned. Through 8/31/98, \$247,839 was collected for subscriptions and \$73,834 for advance ticket sales.
2. Despite glowing critical and public response, SummerDance fell short of its budgeted goal.
3. Additional tour dates are being negotiated and will be finalized shortly.
4. This line item was over-budgeted by one additional Morning at the Ballet performance, which cannot be held due to the regular performance schedule.
5. The BalletMet Scene Shop secured the contract to build the new Symphony Shell for the Southern Theatre.
6. This goal has been decreased given the reduced number of Board members.
7. An NEA grant was received to support creation of a new work by Julia Adam.
8. A special event that was budgeted will not be held. Other event goals have been increased to cover the shortfall.
9. Additional expenses for the second Riffe series of performances will cause repertoire expenses to exceed the original budget.
10. Additional tour dates added \$30,000 in expense.
11. The expense to build the Symphony Shell added \$50,000 to this line item.
12. Due to the receipt of the Borden education grant, a full-time Director of Outreach position was added to the academy.
13. Summer Workshop expenses were less than budgeted due to fewer participants.
14. The telemarketing campaign commissions have been reduced by \$20,000.
15. This has been reduced by the budgeted amount of expenses for the additional event which will not take place.

Appendix D: Pictures of Stadium Renovation Project



Model of Finished Stadium



Construction in Process

16:50:15 2-APR-2000



Lowered Field



Outer Shell Construction



Construction in Process



Scoreboard Demolition





Campaign for the Stadium Bandroom

Building a new home for the OSU Marching Band



[Click for a detailed image \(47kb\)](#)



[Click for a detailed image \(70kb\)](#)



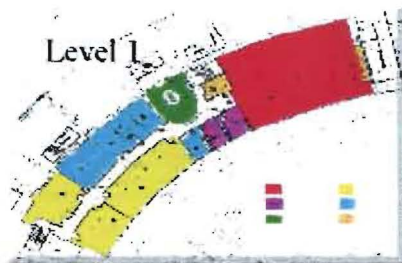
[Click for a detailed image \(62kb\)](#)



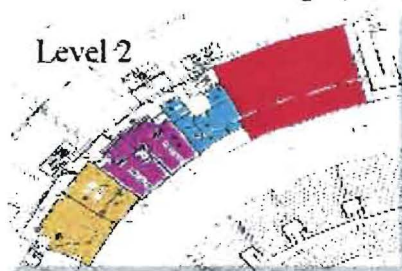
[Click for a detailed image \(57kb\)](#)



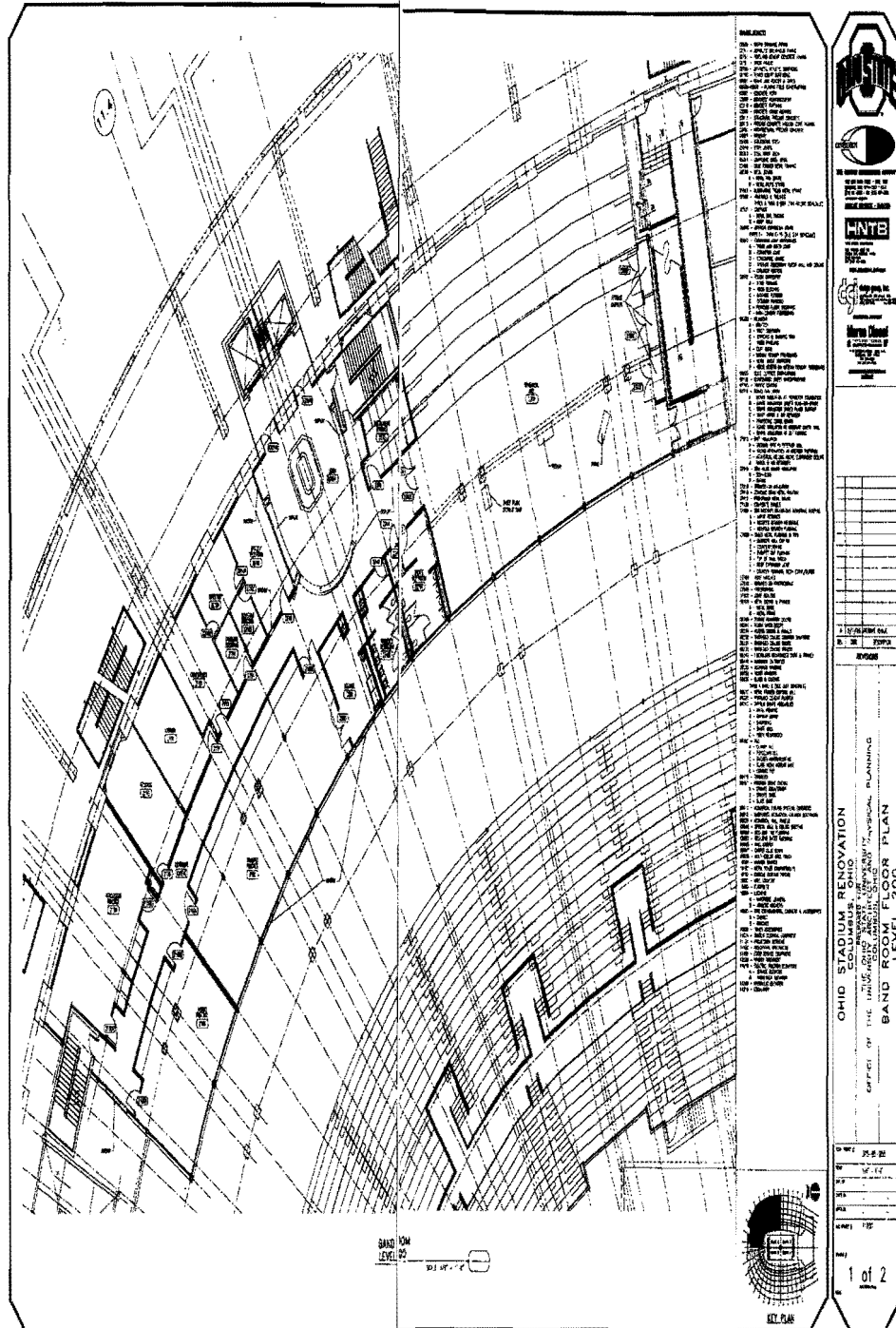
Artist's Drawings of New Stadium Bandroom, Blueprints, and Construction in Process



[Click for a detailed image \(335k\)](#)



Appendix E: Stadium Bandroom Blueprints



the ohio state university marching band

the best damn band in the land



the OSU marching band

From its early days as a simple military band to its present status as the world's largest all brass and percussion band, The Ohio State University Marching Band reigns as one of the great OSU traditions.

The Marching Band dates to 1878 when Ohio State University's first president, Edward Orton Jr., gathered together every student who could play an instrument and formed a small 16-member band for the ROTC. Today, the Band is made up of 225 talented student musicians who compete for the honor of playing with "The Pride of the Buckeyes."

move with us

The College of the Arts, the Department of Athletics and TBDITL Alumni Club are working together to raise funds for the new band center. With the start of construction only a few months away, an additional \$2 million is needed so that the band's new home is ready for the Fall 2000 football season.

We urge you to lend your support to the Campaign for the Stadium Bandroom. Gifts of any size are welcome. Donations of \$500 and above will be recognized in the lobby of the new complex. Gifts at designated levels to support a specific area will allow the donor to assign a name to the area.

For more information on the Campaign for the Stadium Bandroom, please contact Sharon Ferguson, Development Director for the OSU College of the Arts, by phone at 614-292-2090. Or visit the website at www.osuband.org.

YES, I would like to contribute to The Ohio State University Campaign for the Stadium Bandroom.

Name: _____

Address: _____

City: _____

State: _____

Zip Code: _____

Phone: _____

E-mail address: _____

Amount \$ _____

Please check one:

☐ Discover Card ☐ Check
☐ MasterCard ☐ Visa

Card #: _____

Expiration date: _____

Signature _____

Please make checks payable to The Ohio State University, and note on your check: TBDITL BANDROOM FUND #532120.

Please mail checks and this form to:
 New Marching Band Center
 University Development Gifts Processing
 113 Fawcett Center
 2400 Olentangy River Road
 Columbus, Ohio 43210

marching band center

we're moving

During the next three years, Ohio Stadium will undergo substantial improvements to bring it up to code and give it another century of life. Renovation and preservation of the stadium also include much-needed improvements for the band's facilities.

The Best Damn Band in the Land is scheduled to break ground on its new home in the renovated Ohio Stadium in December of 1999. A prime, 22,000 square foot location in the northeast corner of the 'shoe will provide the Marching Band with:

- 5,000 sq. ft. of rehearsal space (twice as much!)
- Additional, acoustically correct practice rooms
- Expanded instrument and uniform storage
- State-of-the-art audio and visual capabilities
- A music library for reference and lending
- Central air conditioning (finally!)
- Larger locker rooms and training areas
- New band and alumni lounges
- A new visitor observation gallery

The new facility will have room for all 225 members of the OSU Marching Band, plus uniforms and instruments. It will continue to serve as a home to all University Athletic Bands as well as TBDBITL Alumni Band. It will also host community musical organizations, academic classes and workshops, and youth musical groups.

naming opportunities

Entire Marching Band Center	\$1,250,000
Rehearsal Hall	750,000
Director's Suite & Conference Room	250,000
Director's Suite	150,000
Conference Room	100,000
Practice Rooms	
Horn Room	50,000
Percussion Room	50,000
Trumpet Room	50,000
Library	50,000
Entrance Lobby & Display Area	25,000
Band Lounge	25,000
Alumni Lounge	25,000
Fraternity Room	25,000
Sorority Room	25,000
Storage & Maintenance Areas	
Instruments	25,000
Uniforms	25,000
Observation Gallery	10,000
Locker Rooms	
Women's	10,000
Men's	10,000
Trainer's Room	10,000
Chairs	2,500

Gifts of \$2500 and above qualify for Presidents Club and Buckeye Club recognition. All donors of \$500 and above will be recognized in the new band center.



college of the arts

Appendix G: Campaign Letter to OSUMB Alumni

July 26, 1999

Dear OSU Marching Band Supporter:

Time and Change... and an opportunity.

As part of the three-year project to renovate Ohio Stadium, The Ohio State University Marching Band facility will move to another location within the horseshoe's fabled walls.

Originally constructed as part of the Stadium Dorms just after World War II, the current band facility has endured with only cosmetic improvements for nearly forty years. Since that time, band size has increased over 50% and the move to a coed environment has only increased the need for additional support and locker room space.

As anyone who has attended a marching band rehearsal in recent years knows, there is not enough space in the current bandroom to properly accommodate all of the musicians. Unfortunately, while the law mandates that the bandroom and support areas be brought up to code as part of the overall renovation (at great expense), the stadium's structure simply will not permit the present band area to be expanded. Spending millions of dollars without being able to increase the space is a poor use of resources. While numerous options were examined, it was clear that the only viable, and best, option was to build a new facility at a different location while still remaining in the stadium.

The location selected is on the northeast side of Ohio Stadium in what is now open area that was once known as the original home of Stadium Theatre. This is directly across from the current band space on the northwest "curve." One of the large concrete pedestrian ramps will be relocated to provide sufficient space for an acoustically correct and larger (twice the current size) rehearsal room and the following support areas:

- ☐ Music library and office
- ☐ Instrument storage and repair rooms
- ☐ Uniform storage
- ☐ Practice rooms
- ☐ Work areas for staff
- ☐ Locker rooms
- ☐ Display area for memorabilia, awards and donor recognition in the new lobby

Since the Marching Band facility is in space controlled by the Athletic Department, all renovation and construction must be funded through Athletics, as is the overall Ohio Stadium project. Because it is not an academic department, Athletics receives no direct state support, and is wholly dependent on ticket sales, concessions, donations and the like for its operation and capital projects. As in the relocation of the Stadium Dorm and other

stadium tenants, Athletics is committing partial funding to the project, with \$2.8 million earmarked for the band project. This is sufficient to construct only the "shell:" the exterior walls, floors, plumbing and power required to make the area minimally habitable under the building code.

Even with re-using some existing resources (chairs, for example), the additional cost to complete the band space with the facilities listed above has been estimated at \$2.0 million. The College of the Arts, the Athletic Department and the TBDBITL Alumni Club are working together to raise the funds needed to complete the marching band facility. We are calling the fund drive the "Campaign for the Stadium Bandroom."

The challenge is to continue the high standards for the Band that you and many others have established over the past century. With a very small effort on your part, here is how you can help:

1. Provide the name of a potential corporate contact or a specific individual in your community who might be willing to make a donation to the Campaign for the Stadium Bandroom. This could be a person at your place of employment or an individual in your community who you know might be interested. A representative from the OSU Development office will contact the potential donor.
2. Consider making a personal donation to the project. No donation is too small in this type of project, where a combination of leadership and individual gifts will be required for success. *(All gifts are processed through the OSU Development Fund and qualify for appropriate recognition and IRS tax credit. You may also direct you President's Club contributions to the "Campaign for the Stadium Bandroom" (Account 532120) and elect to give in monthly increments on your Mastercard or Visa.)*
3. Matching Contribution. Please check with your employer's Human Resources Department to see whether they will match your contribution.

Above the \$500 donation level, donors' names will be permanently displayed in the new facility's lobby. In addition to the lobby recognition, please find attached a list of "naming" opportunities that are available to all donors. The donation of a specified minimum amount designated to support a specific area of the facility allows the donor to assign a name to be associated with the area.

Watch *TBDBITLetter* and The TBDBITL Alumni Club Website at www.tbdbitl.org for additional details and status as the "Campaign for the Stadium Bandroom" moves forward.

Note: Only donations designated for the new marching band facility will be used for that purpose. No other marching band-related scholarship, endowment or operational funds will be used for construction.


For your convenience, you can share the identity of a corporate prospect or make a donation to the new facility using either of the following methods:

- ☐ **Mail:** Please use the enclosed form and mailing envelope to return information on potential corporate donors and for any personal donations.
- ☐ **Telephone:** Call the OSU Development Office at (614) 292-2141 and specify a donation to the New Marching Band Facility Fund (account # 532120).

While the overall campaign is still in development, please direct all questions and concerns to Development Officer Sharon Ferguson at (614) 292-5171.

While our memories of the old "Stadium Bandroom" and "Rehearsal Hall" will remain with us forever, the opportunity to provide future band members with a home worthy of our traditions is an exciting challenge. Construction on the "shell" is scheduled to begin yet this year, so time to raise the additional monies is short. I hope you'll be a part of the campaign with us.

Thank you and Go Bucks!

A handwritten signature in black ink that reads "Randy Smith". The signature is written in a cursive, flowing style.

Randy Smith

Chairperson, The TBDBITL Alumni Club Fund Raising Committee

The TBDBITL Alumni Club Fund Raising Committee

Doug Behn

Student Representative

The Ohio State University Marching Band

Pete Boriin

President

The Script Ohio Club

Pat Campbell

Dave Carwile

Larry Cohen

Gene D'Angelo

Greg Daniel

President

The TBDBITL Alumni Club

Paul Droste

Director Emeritus

The Ohio State University Marching Band

Jack O. Evans

Director Emeritus

The Ohio State University Marching Band

Sharon Ferguson

Development Fund Officer

The Ohio State University College of the Arts

Shelley Graf

Curtis Littlegreen

Randy Smith

Vice President

The TBDBITL Alumni Club (Chairperson)

Tom Trinter

Jon Woods

Director

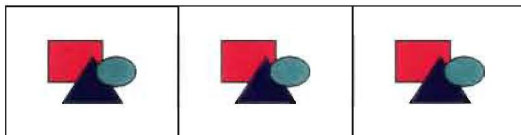
The Ohio State University Marching Band

Appendix H: Campaign for the Stadium Bandroom Website



Campaign for the Stadium Bandroom

Building a new home for the OSU Marching Band



The Stadium and the new band facility are starting to take shape. *Check for more March pictures here... with links to large jpgs.*



Click for a detailed image (62kb)



The artist view of inside the rehearsal hall, and the view as of 3/8.



Looking down from Block "O" on 3/2 and out the ramp on 3/8 as the south end develops. Other construction links:

12/9: Link to .avi video of the Scoreboard coming down.....

12/9: Columbus Dispatch Story on demolition.

12/03: Columbus Dispatch story with sky shot.

Check StadiumCams (now 3!) for the latest views!

Now... on to the Band Facility Campaign.

Ten of the 19 naming opportunities have now been taken!

Time and Change..... and an opportunity that is truly once-in-a-lifetime.

As part of the three-year project to renovate Ohio Stadium, The Ohio State University Marching Band will be moving to another location within the fabled walls of the giant horseshoe. We need your help to make it happen.

Go directly to:

- *The Need*

- [Facts, Figures and Pictures](#)
- [The Cost](#)
- [What you can do..](#)
- [Help us Raise the Roof!](#) *(how to contribute)*

The Need

In November of 1945, Ohio State approved an extension of the Stadium Dormitories into the area above Gates 5-7 on the stadium's west side, with construction completed during the 1947-48 school year. In 1960-61, this area was remodeled as a home for the Marching Band.

There have been little more than cosmetic changes in the band area in the past forty years. However, during that time, the band has increased in size from 144 up to 225 musicians. The facilities crunch became even more obvious when the band went co-ed in 1973. All this has increased the need for additional rehearsal, locker room and support space, and put a tremendous strain on an area with a crumbling infrastructure.

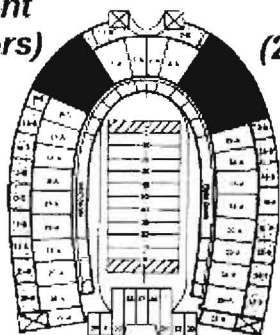
While the facility is known as the home of the Marching Band in the fall, it remains in use all year long. It serves as home to all University Athletic Bands as well as the TBDBITL Alumni Band. It also plays host to a variety of other community musical organizations, academic classes, youth musical groups and serves as a staging area for stadium commencements.

Anyone who has attended a Marching Band rehearsal in recent years will attest that there is simply not enough space to accommodate all of the musicians in the rehearsal room ("the Bandroom"). Some musicians cannot directly view the conductor. During the band's "tryout week" each fall, the need to fit 350+ candidates in a room without air conditioning is a logistical and physical challenge to say the least.

As part of the Ohio Stadium renovation, the law requires that all areas of the structure be brought up to the current building code. This would have been a multi-million dollar project in itself, however, the physical structure of the stadium makes it impossible to expand the size of the rehearsal room and associated areas. Spending millions of dollars without being able to increase space is a waste of resources. While a number of options were examined, it became clear that the only viable option was to build a new facility at a different location in the stadium.

[back to top](#)

**Current
(3 floors)**



**New
(2 floors)**

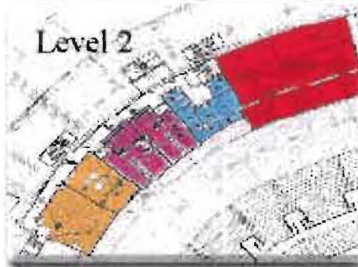
Facts, Figures... and Pictures

The location selected for the new band complex is on the northeast side of Ohio Stadium in what is now an open area, once known as the home of Stadium Theatre. This is directly across from the current band space on the northwest "curve." One of the large pedestrian ramps will be relocated to the new outer stadium structure to provide sufficient space for an acoustically correct rehearsal room. The floor space of this new room measures approximately 5000 square feet, in comparison to the 2200 square feet of the current "bandroom."

All told, the new facility will have 22,000 square feet spread over two floors, suspended one floor above ground level to allow pedestrian access underneath. The current band area is jammed into three levels, with uniform storage and the women's locker room on a top floor with low ceilings and leaky pipes.



Click for a detailed image (3



The new space will also provide the following support areas and features:

- Music library, offices and work areas for staff and directors (and alumni)
- Instrument storage and repair rooms
- Uniform storage
- Smaller, multi-use practice rooms allowing individual sectional rehearsals
- Locker rooms
- Direct access to the ground level of the stadium from several doors
- Elevator access to both levels of the facility
- Lobby display areas for memorabilia, awards and donor recognition
- Air conditioning

Here are several views of the main rehearsal room and lobby:



Click for a detailed image (62kb) Click for a detailed image (70kb)



Click for a detailed image (57kb)



Click for a detailed image (47kb)

[back to top](#)

The Cost

Since the new facility is actually contained in the stadium, a building controlled and maintained by the Ohio State Department of Athletics, all renovation and construction must be funded through Athletics as part of the overall Ohio Stadium project. Because it is not an academic department, Athletics receives no direct state support and is wholly dependent on ticket sales, concessions, gifts and other income for its operation and capital projects.

The project is estimated to cost between \$4.5 and \$5 million dollars, with Athletics committed to contributing approximately \$2.8 million to the cost of the band facility project. This is consistent with the partial funding accorded to the relocation of the Stadium Scholarship Dorm and other stadium tenants. This is also consistent with the band's existence as a cooperative venture between Athletics and the College of the Arts, with Athletics providing the annual operating budget and the College providing the faculty members who make up the band staff.

The Athletics investment is sufficient to construct only the "shell" of the new structure -- exterior walls, floors, plumbing and power required to make the area minimally habitable under the building code.

Even re-using some existing resources (furniture, as an example), the additional cost to complete and properly outfit the band space with the facilities listed above is estimated at somewhere in excess of \$2.0 million. (A new practice field will be needed as well.) The College of the Arts, the Athletic Department and the TBDBITL Alumni Club are working together on behalf of the University to raise the funds needed to allow the project to be completed.

There is little time. Work on the new band facility began in November of 1999, just days after the final home game of the season. With funding, the new structure is scheduled for completion in August of 2000, in time for the 2000 football season. The current Stadium Bandroom complex is to be torn down after that time.

[back to top](#)

What You Can Do

Over the last 120 years, The Ohio State University Marching Band has become one of the most esteemed traditions on our campus and has earned its well-deserved crown:

"The Best Damn Band in the Land"

Heading into the new century, the band is deserving of a facility worthy of its nickname and national stature. We ask everyone for their support. Gifts of all sizes are welcome. Donations of \$500 and above will be recognized in the lobby of the new complex.

Gifts of \$2,500 and above qualify for President's Club and Buckeye Club recognition and considerations.

Gifts at minimum designated levels designated to support a specific area of the complex will allow the donor to assign a name to be associated with the area:

Naming Opportunities

10 of the 19 have now been pledged! - as of 1/24

Entire Marching Band Complex	\$ 1,250,000
Rehearsal Hall	\$ 750,000
Directors Suite and Conference Room	\$ 250,000
Directors Suite	\$ 150,000
Conference Room-pledged!	\$ 100,000
Practice Rooms	
Trumpet Room	\$ 50,000
Horn Room	\$ 50,000

Percussion Room- named!	\$ 50,000
Music Library	\$ 50,000
Lobby and Display Area- pledged!	\$ 25,000
Band Lounge- named!	\$ 25,000
Alumni Lounge- pledged!	\$ 25,000
Fraternity Room (Kappa Kappa Psi)	\$ 25,000
Sorority Room (Tau Beta Sigma)	\$ 25,000
Storage and Maintenance Areas	
Instrument Room and Repair- pledged!	\$ 25,000
Uniforms	\$ 25,000
Observation Gallery- pledged!	\$ 10,000
Locker Rooms	
Women's Locker Room- named!	\$ 10,000
Men's Locker Room- pledged!	\$ 10,000
Trainer's Room- pledged!	\$ 10,000
"Endowed" chair (specific instrument/seat) ---- 12 pledged!	\$ 2,500

Help Us Raise the Roof!

While leadership gifts will be essential in completing this campaign quickly, many gifts in many sizes will be needed.

If you would like more information or would prefer to be contacted about a possible gift or giving options, please e-mail or call College of the Arts Development Officer Sharon Ferguson (click name to e-mail). Her phone is through the College of the Arts at (614) 292-2090. We invite you to explore the variety of ways to give.

You can donate today by making a check payable to **The Ohio State University** and mailing it to:

New Band Center
University Development Gift Processing
113 Fawcett Center
2400 Olentangy River Road
Columbus OH 43210

PLEASE NOTE ON YOUR CHECK: TBDBITL Bandroom Fund #532120. Be sure to include your name, address and phone number where you can be contacted. You can also give using your Visa, MasterCard or Discover Card. Please include the name on the card, the account number, the expiration date and your signature.

Only donations designated for the new Marching Band facility will be used for that purpose. No other Marching Band-related scholarship, endowment or operational funds will be used for construction.

Thank you for participating in the Campaign for the Stadium Bandroom, and helping to "Raise the Roof" on a new home for The Ohio State University Marching Band.

[back to top](#)

[Go to the TBDBITL Alumni Club Home Page](#)

[Go to the Ohio State University Marching Band Homepage](#)

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Sure.. the site is simple, no frames or animations. We were worried more about the download times than the bells and whistles at this point.

Check back for updates. Comments to: carwile.1@osu.edu

Gifts to the Campaign for the Stadium Bandroom may be in various forms, using well-recognized gift methods that respond to the donor's personal situation. You're encouraged to consult with your financial advisor for the most appropriate way to support the campaign.

Pledges

Donors who wish to extend their giving capability may wish to make a two- or three-year pledge. Most contributors who use this approach prepare a written pledge letter with the OSU Development Office, outlining the amount of the pledge and a schedule of payments. Most multi-year pledges for this campaign should be fulfilled in three years, although special circumstances may warrant a longer pledge period. Pledges may be fulfilled with gifts of cash, securities, or other forms of personal or real property, as outlined below.

Gifts of Cash

An outright gift of cash is usually the simplest method of giving. It is not subject to gift or estate taxes, and can be deducted to the fullest extent of IRS rulings. Currently, a donor can deduct up to 50 percent of their adjusted gross income. Should the gift total exceed the donor's gift ceiling for the year, the donor can carry over the remaining deduction to the next five years. That means that, with careful planning, nearly every outright gift to the bandroom campaign can be fully deducted.

Gifts of Securities

Giving appreciated stocks or bonds is an excellent way to show support for the bandroom campaign. The donor can deduct the full fair market value of long-term appreciated securities and avoid any tax on the capital gain. A gift of securities is deductible up to 40 percent of the donor's adjusted gross income, with the five-year carry-over option. Under certain circumstances, however, the donor can choose to qualify for a 50 percent annual deduction by reducing the value of their gift by 100 of the appreciation in the contributed property--that is, to the cost basis. The University must be able to sell the gift of stock in order for the proceeds of the sale to be designated to the Campaign for the Stadium Bandroom.

Gifts of Real Estate

Almost any kind of property--a personal residence, a farm, a vacation home, a commercial building or an undeveloped parcel of land can constitute a gift. A gift of real estate can be made either outright or through other methods. If the property has appreciated in value and is giving outright, the donor will avoid any tax on the capital gain, reduce their taxable estate by the value of the gift, and receive charitable contribution deduction for 100 percent of the fair market value of the property. The donor's actual tax savings will depend on his or her tax bracket. The value of the gift may be deducted up to 30 percent of adjusted gross income. Under certain circumstances, however, the donor can choose to qualify for a 50 percent annual deduction by reducing the value of the gift by 100 percent of its appreciation-- that is, to the cost basis.

Gifts of real estate necessitate outside appraisal, EPA testing, and a determination by the OSU Treasurer's Office and the Board of Trustees that the property is desirable to the

University. The University must be able to sell the property in order for the proceeds of the sale to be designated to the bandroom campaign.

Corporate Matching Gifts

Many companies encourage philanthropic giving among their employees by offering to match an employee's gift with a corporate contribution. Donors interested in this opportunity should obtain the appropriate matching gift form from their employer (usually from the personnel or human resources office) and send it with their gift to the Campaign for the Stadium Bandroom.

return to Campaign home page

Appendix I: Campaign Newspaper Articles

Strike up the band! OSU plans a suite suitable for TBDBITL Rooms to be part of renovated 'Shoe

Wednesday, August 25, 1999

By Scott Powers

Dispatch Staff Reporter



Tim Revell/ Dispatch

OSU band director Jon Woods said the new marching-band suite will be a vast improvement over current facilities.

The Best Damn Band in the Land wants to build the best damn band room in the land.

Ohio State University has plans for a \$5 million suite for the OSU Marching Band to be built within Ohio Stadium as part of its three- year expansion and renovation.

When the new digs are completed, tentatively by late June, the band will have more than twice as much space in its rehearsal room, as well as air conditioning, better acoustics, three new practice rooms and a foyer that will suggest to visitors that they have in fact come in through the right door.

The current entrance, which spins off into three hallways, can be confusing to first-time visitors.

It also will have a layout that makes more sense than the current suite, which was carved from the stadium dormitory 40 years ago and remodeled with a make-do attitude.

Jon Woods, OSU band director for the past 15 years, is looking forward to a new facility designed for today's marching band by Design Group, a Columbus company. When the old rooms were opened, the band had 144 members. Today, it has 225. In 1960, there were no female members. Today, the band is coed, requiring locker rooms and restrooms for both genders.

"We definitely will have the best marching band facility that I know of anywhere in the country," Woods said.

"And it will do nothing but help the band and the students."

Of course, there's money to raise first.

The OSU Department of Athletics, which has sponsored the band for generations, has agreed to put up \$3 million for the new suite. The total cost will be between \$4.5 million and \$5 million, and the band is to raise the balance.

New OSU band room

This time next year Ohio State's marching band room since 1960 will be dust, swept out of Ohio Stadium and replaced by a new, plusher suite in another corner of the stadium, featuring a 5,000-square-foot rehearsal room, three practice rooms and an inviting lobby.



Artist rendering of new rehearsal room



Source: OSU Marching Band

Dispatch graphic

Band members and alumni have begun a fund-raising campaign, aimed at tapping alumni and fans of the band, that is to be formally kicked off today.

Because Ohio State is in the midst of a \$1 billion universitywide campaign to raise money for athletics, scholarships and academics, it seems everyone has their hands out. But Woods said that is creating energy, not competition, for fund-raisers.

Plans call for band-room construction to begin in December in the northeast corner of the Horseshoe. Demolition of the old band suite, in the northwest corner, is to begin in the spring.

If the fund-raising campaign does not raise money quickly enough, Woods said, the new suite will be built in phases, making sure facilities are available in time for the band to get ready for the football season in fall 2000.

For more information on the band-room campaign call Sharon Ferguson, development officer for the OSU College of the Arts, at 614- 292-5171, or check one of two Internet Web pages: www.tbdbiitl.org or www.osuband.org.

Band room included in renovations

By Brandin Komives
Lantern staff writer

If all goes as planned, the Ohio State Marching band will have a new home by next football season.

As part of the stadium renovation project, "The Best Damn Band In The Land" will be moving into one of the finest facilities in the country.

"The band room renovation is probably one of the most significant and important things that has happened to the OSU Band in its history," said Jon Woods, professor of music and director of the OSU Marching Band.

According to the OSU Marching Band's website, the band is housed in three levels of the sta-



SARAH BROWN/THE LANTERN

Members of The Ohio State University Marching Band play the song "Hang On Sloopy" to keep fans' spirits high at the football game Saturday against Cincinnati in Ohio Stadium.

dium on the northwest side.

The new band room will be located on the northeast side of the stadium, directly across from the current facility. It will have

22,000 square feet on two floors, suspended one floor above ground level.

see RENOVATION page 2

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RENOVATION

CONTINUED FROM PAGE 1

Woods said that the band is in desperate need of a larger space for its rehearsals.

"We have come to a critical point because we have outgrown our current facility," he said.

Band members to the left and right of the conductor can't directly see him because there are poles in the way. In addition, there is no air conditioning, making it very uncomfortable in the summer and fall, especially during tryouts, when more than 300 people are in the room.

Plans for the new facility include a 5,000 square foot, acoustically correct room, that more than doubles the current 2,200 square foot room.

While the rehearsal room is the most important renovation, there are other spaces that need work as well.

The new facility will accommodate men and women equally. The women's locker room has never been adequate, Woods said. It was added in 1973 when the band became co-ed.

The renovation will also allow for a music library, offices and work area for staff, instrument and uniform storage, smaller practice rooms for individual section rehearsals, direct access to the ground level of the stadium and elevator access to both levels.

The facility's layout has taken years of thinking and planning, Woods said.

The architect worked with input from the student staff, alum-

ni, former directors and current band members to design the most practical and user-friendly facility possible.

"The plan makes sense," Woods said. "It was not just thrown together."

Construction for the band's new facility will begin in early December and is expected to be completed by June 29, 2000. At that time, the current room will be torn down.

The band facility will be one of the first projects completed in the overall stadium renovation projects.

The total cost of the renovations will run about \$5 million, Woods said. The athletic department is providing \$2.8 million for the project, according to the band's website.

The other \$2 million will be raised by a fund-raising campaign conducted by the College of the Arts, the Athletic Department and the TBDBITL Alumni Club.

Woods praised the athletic department for working to help the renovation efforts.

"Not only are they giving a large amount of money, but they are providing logistical support in getting the project complete," he said.

Woods also said that the fund-raising efforts are going well, but the band does have a plan in case the necessary money cannot be raised in time.

"We hope to get enough money to build it all at once, but we can build with what we have and hope to hit the goal," he said.

Appendix J: Campaign Skull Session Program Insert

The Campaign for the STADIUM BANDROOM

The OSU Marching Band has held rehearsals in the Ohio Stadium Bandroom since the early 1960s, in a room that was originally a Stadium Dormitory Rec Room under the West Side, near Gate 3. Currently Ohio Stadium is undergoing a three year renovation and part of that renovation is a new Band Center. The track and the stadium dormitories have been removed and a slurry wall has been placed under the field. The football games will still go on during construction, and Spring Quarter graduation moved to the Oval last June as 4700 new graduates became alumni. While the OSU Athletic Department is privately funding the cost of renovation, they have asked for assistance with the construction of the new Stadium Bandroom Center. We want to inform you that the TBDBITL Alumni Club is working with the OSU College of the Arts Development Office to make sure that The OSUMB has a functional facility in Ohio Stadium for years to come! The OSU Athletic Department, which does not receive State of Ohio funding, will contribute \$3.0 million to construct a "shell" structure under the East side. In order for the OSU Marching Band to have adequate facilities, another \$2.0 million must be raised.

The new facility will have 22,000 sq ft spread over two floors, suspended one floor above ground level to allow pedestrian access underneath. The current band area is jammed into three levels, with uniform storage and the women's locker room on a top floor with low ceilings and leaky pipes. Compared to the 2200 sq ft of the current "bandroom," the new room measures approximately 5000 sq ft. The new space will also provide: music library, offices and work areas for staff and directors (and alumni); instrument storage and repair rooms; uniform storage; smaller, multi-use practice rooms; locker rooms; direct access to the ground level of the stadium from several doors, elevator access to both levels of the facility; lobby display areas for memorabilia, awards and donor recognition; and air conditioning.

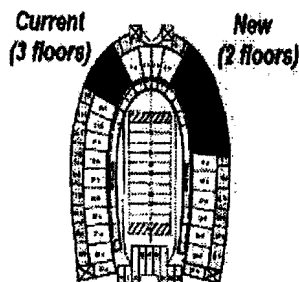
What You Can Do: Over the past 121 years, The OSU Marching Band has become one of the most esteemed traditions on the OSU campus and has earned its well-deserved crown: "The Best Damn Band In The Land!" Heading into the new century, the band is deserving of a facility worthy of its nickname and national stature. The stadium construction schedule states that work on the new band facility is scheduled for completion in August of 2000.

We are asking everyone for their support. **Gifts of all sizes are welcome.**

You may choose to use your credit card for one time or monthly donations, and you may pledge your gift over three years. Check with your employer about matching gifts too.

So far we have raised 40% of the total, or \$800,000; and nine of the 21 naming opportunities have been pledged (see the back)!

If you have already made a contribution THANK YOU. Please mention this to your friends. We have had donations from fans of all ages, band directors from other universities, OSUMB members, OSUMB alumni, and OSU coaches. Members of the TBDBITL Alumni Club's HyperActive Band performed in Steubenville during the Penn State game at a fund raiser for the new Bandroom Center and they are performing continuously today from 6:30 AM to midnight around Central Ohio to benefit the Campaign. They would be glad to hold a similar event in your area. They would perform at your local restaurant for a party during a OSU basketball or hockey game that is shown on television - just email pbioriin@gcfn.org or call 614-798-0578.



**The Campaign for the Stadium Bandroom
PO Box 14769
Columbus, Ohio 43214**

Yes! I'd like to contribute to the new Stadium Bandroom _____ (fund 532120)

If you wish to receive more information about the Stadium Bandroom Campaign, check _____

Name:

Address:

MasterCard
VISA Number:

Expiration: Phone:

Signature: Amount Charged: \$.....
All donations are processed through The Ohio State University Development Fund.

We are asking everyone for their support with the Campaign for the Stadium Bandroom. Gifts of all sizes are welcome. Donations of \$500 and above will be recognized in the lobby. Other gifts of \$2,500 and above qualify for President's Club & Buckeye Club recognition and considerations. Gifts at minimum designated levels will allow for naming opportunities:

<i>Entire Marching Band Complex.....</i>	<i>\$1,250,000</i>
<i>Rehearsal Hall.....</i>	<i>\$750,000</i>
<i>Directors Suite & Conference Room.....</i>	<i>\$250,000</i>
<i>Directors Suite</i>	<i>\$150,000</i>
<i>Conference Room.....</i>	<i>\$100,000</i>
<i>Horn Practice Room.....</i>	<i>\$50,000</i>
<i>Percussion Practice Room</i>	<i>already donated - \$50,000</i>
<i>Trumpet Practice Room</i>	<i>\$50,000</i>
<i>Music Library.....</i>	<i>\$50,000</i>
<i>Alumni Lounge</i>	<i>already pledged - \$25,000</i>
<i>Band Lounge</i>	<i>already pledged - \$25,000</i>
<i>Fraternity Room</i>	<i>\$25,000</i>
<i>Instrument Room</i>	<i>already pledged - \$25,000</i>
<i>Lobby and Display Area</i>	<i>already pledged - \$25,000</i>
<i>Sorority Room</i>	<i>\$25,000</i>
<i>Uniform Storage Room</i>	<i>\$25,000</i>
<i>Men's Locker Room</i>	<i>already pledged - \$10,000</i>
<i>Observation Gallery.....</i>	<i>already donated - \$10,000</i>
<i>Trainer's Room</i>	<i>already pledged - \$10,000</i>
<i>Women's Locker Room.....</i>	<i>already donated - \$10,000</i>
<i>Chair for a specific instrument (219 still available)</i>	<i>\$2,500</i>

(See www.osuband.org for pictures & updates)